SUPREME COURT

UNITED STATES

October Term, 1920

Union Tool Company,
Petitioner and Appellant,
vs.
Ellis C. Wilson,
Respondent and Plaintiff.

On Petition for a Writ of Certiorari to Be Addressed to the Supreme Court of the United States and the Ninth Circuit.

PETITION AND BRIEF

A. W. Adams,
Plummer, Idaho,
and
William Hepburn Hart,
Spokane, Wash.,
Counsel for Petitioner.

Press of Rand-McNally Printing Co., Spokane, Wash.

SUBJECT INDEX AND LIST OF CASES.

PAGE

Petition 3
Brief 11
Notice 21

List of Cases.

Doyle v. London Guarantee and Accident Company, Limited, 204 U. S. 599..... 14
Ex parte National Enameling Co., 201 U. S. 156... 15
In re Christensen, 194 U. S. 458..... 15
Leeds & Catlin Co. v. Victor Talking Machine Co., 232 U. S. 325..... 19
Stebler v. Riverside Heights Orange Growers' Association, 214 Fed. 550..... 18

IN THE

SUPREME COURT

OF THE

UNITED STATES.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Petition for Writ of Certiorari to be Addressed to the Judges of the United States Circuit Court of Appeals for the Ninth Circuit.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner respectfully shows:

That on September 8, 1916, an interlocutory decree was made herein whereby your petitioner was enjoined from infringing claims 9 and 19 of United States letters patent No. 827,595, issued on July 31, 1906, to the respondent, Elihu C. Wilson. [R. 6.] *No final decree has been entered herein,* the cause now being before

the master on the accounting ordered taken by the interlocutory decree. Thereafter a writ of injunction, in accordance with the provisions of said interlocutory decree, was issued and served on petitioner. [R. 14.]

In April, 1919, on motion of the respondent and upon the affidavits filed in support thereof, the District Court made an order requiring your petitioner to show cause why it should not be punished for contempt in failing to comply with the provisions of said injunction. [R. 17.]

After the hearing, on said order to show cause, the District Court rendered its opinion wherein it was expressly found that your petitioner *had not willfully violated the injunction.* [R. 59, 88.] A "Decree in Contempt" was thereafter made and entered. [R. 94.]

In this "Decree in Contempt," it is adjudged that petitioner was guilty of contempt, by reason of its manufacture and sale of certain specified types of underreamers.

It was also therein adjudged that petitioner, in virtue of such contempt, pay to the clerk of the court a fine of five thousand ($5,000.00) dollars, out of which amount the clerk was ordered to pay to respondent the sum of two thousand five hundred ($2,500.00) dollars as a reasonable portion of the expenses incurred by him in the contempt proceedings.

The "Decree in Contempt" also contained the following provision, to-wit:

"That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter." [R. 97.]

From the "Decree in Contempt," your petitioner was allowed a writ of error to the Circuit Court of Appeals for the Ninth Circuit. [R. 101.]

As a result of the proceedings on said writ of error, the Circuit Court of Appeals reversed the clearly punitive portion of said "Decree in Contempt." Its opinion, in said proceedings, is reported in 262 Federal Reporter 431, 434. Therein the court of Appeals said:

> "Our construction of the decree is that there was an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order, and by proceeding to a decree based upon the assumption that the acts of the defendant corporation had not been done willfully, we think the corporation was exonerated of willful and contumacious disregard of the injunction. Bessette v. Conkey, 194 U. S. 324, 24 Sup. Ct. 665, 48 L. Ed. 997.
>
> "We are therefore of the opinion that the clearly punitive portion of the decree must be reversed. But in so far as the decree

> imposed a fine, and directed that the sum imposed should be paid to the complainant to cover his costs, the decree must be sustained."

This petition for a writ of *certiorari* does not involve such decision of the Circuit Court of Appeals rendered in the proceedings had on your petitioner's said writ of error.

The respondent, Elihu C. Wilson, sued out a "Cross Writ of Error" from that portion of the "Decree in Contempt" *purging your petitioner of contempt* in respect to its manufacture and sale of repair parts for use in underreamers sold by it prior to the interlocutory decree and which underreamers, your petitioner contended, were freed of the monopoly of the Wilson patent by reason of the interlocutory decree herein awarding the respondent full damages and profits. [R. 116.]

It is to be noted said "Decree in Contempt" so purged your petitioner of contempt *"without prejudice to the right on the part of the plaintiff to renew its application hereafter."*

Petitioner made a motion to dismiss such "Cross Writ of Error" on the ground the Circuit Court of Appeals was without jurisdiction to review the judgment, purging petitioner of contempt, and said motion was denied. [R. 121.]

In the proceedings, had on respondent Wilson's "Cross Writ of Error," the Circuit Court of Appeals rendered its opinion *reversing* the

District Court's judgment, *purging your petitioner of contempt,* and directing that court *"to impose such punishment as may seem proper."* [R. 123; italics ours.]

The reasons, urged for the granting of this petition and which will be discussed in the annexed brief, are the following:

1. The Circuit Court of Appeals was without jurisdiction to review the District Court's judgment, *purging your petitioner of contempt,* because:

(a) The jurisdiction of the Circuit Court of Appeals is strictly statutory and limited to the cases specifically and expressly covered by statute.

(b) No statute gives that court jurisdiction to review a judgment *acquitting* a party of *criminal* contempt.

(c) No statute gives that court jurisdiction to review a judgment of *civil contempt,* except on appeal from the *final* decree entered in the cause wherein the contempt judgment was made.

2. The Circuit Court of Appeals was without jurisdiction to direct the District Court to enter a judgment convicting your petitioner of *criminal* contempt and which said court did do by directing the District Court *"to impose such punishment as may seem proper."*

3. The underreamers, for which repair parts were sold by petitioner, having been freed from the patent monopoly by reason of the interlocutory decree awarding the respondent full damages and profits, your petitioner was not guilty of contributory infringement by reason of selling repair parts for such freed underreamers and, therefore, was not guilty of contempt, either criminal or civil.

4. This, the Supreme Court of the United States, is, as your petitioner is advised and believes, without jurisdiction to issue a writ of prohibition directed to the Circuit Court of Appeals and restraining it from issuing its mandate in accordance with its opinion and decree herein, and, therefore, your petitioner's only relief, in the premises, is the granting of this petition for a writ of *certiorari;* or, failing that, a writ of mandamus directing the Circuit Court of Appeals to dismiss said "Cross Writ of Error" on the ground that said court was without jurisdiction to review said judgment purging your petitioner of contempt.

Wherefore, because of the gravity and importance of the questions involved, your petitioner respectfully prays that a *writ of certiorari* may be issued out of and under the seal of this court, directed to the judges of the United States Circuit Court of Appeals for the Ninth Circuit and commanding them and each of them

to certify and send to this court on a day certain to be therein designated, a full and complete transcript of the record and proceedings of the said Circuit Court of Appeals in the case lately pending therein entitled, "Elihu C. Wilson, plaintiff in error, versus Union Tool Company, defendant in error, No. 3397," to the end that the judgment or decree of said Circuit Court of Appeals in said case may be reviewed as provided by the statutes in such cases made and provided, and that your petitioner may have such other and further relief or remedy in the premises as to this court may seem appropriate and in conformity with the law.

And your petitioner will ever pray.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
As Counsel and Attorneys for Petitioner.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

State of California, County of Los Angeles—ss.

A. V. Andrews, being first duly sworn, deposes and says that he is counsel for the petitioner, Union Tool Company; that he has read the foregoing petition and the matters of fact stated therein are true.

A. V. Andrews

Subscribed and sworn to before me this 26th day of August, 1920.

Seal

L. BELLE WEAVER

Notary Public in and for the County of Los Angeles, State of California.

In our opinion the foregoing and annexed petition for *certiorari* is well founded as to matters of fact and as to matters of law.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

IN THE

SUPREME COURT

OF THE

UNITED STATES.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

1.

Circuit Court of Appeals a Court of Limited Jurisdiction.

The jurisdiction of the Circuit Court of Appeals is defined and limited by statute and it has no jurisdiction over cases not specified in the statutes. This is too well established to require citation of authorities.

2.

Circuit Court of Appeals Without Jurisdiction to Review a Judgment of Acquittal of Criminal Contempt.

The respondent deemed the District Court's judgment, purging your petitioner of contempt, a judgment of acquittal of criminal contempt and, therefore, sued out a writ of error.

However, the Circuit Court of Appeals' jurisdiction, in *criminal* contempt proceedings, is limited to a review of judgments of *conviction* and does not extend to a review of judgments of *acquittal.*

Section 23 of the Clayton Act, defining that court's jurisdiction in criminal contempt proceedings, reads as follows:

> "§23, Act of Oct. 15, 1914 (Clayton Act).
>
> "(Contempt—Review of Conviction—Bail.)
>
> "That the evidence taken upon the trial of any persons so accused may be preserved by bill of exceptions, *and any judgment of conviction may be reviewed* upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require. Upon the granting of such writ of error, execution of judgment shall be stayed, and the accused, if thereby sentenced to imprisonment, shall be admitted to bail in such reasonable sum as may be required by the court, or by any justice, or any judge of any District Court of the

> United States or any court of the District of Columbia." (38 Stats. 739; 6 Fed. Stats. Ann., 2nd Ed., p. 142; 2 U. S. Comp. Stats. 1916, Sec. 1245 cp. p. 2009.) (Italics ours.)

Certainly, there is no other statute on this subject and giving the Circuit Court of Appeals jurisdiction to review a *judgment of acquittal* of criminal contempt.

Therefore, if said judgment, purging your petitioner of contempt, be deemed a judgment of acquittal of *criminal* contempt, the same was not reviewable by the Circuit Court of Appeals.

It is to be noted respondent did not secure the allowance of any bill of exceptions and his cross writ of error is not supported by any bill of exceptions, as provided in the Clayton Act.

Furthermore, it would be contrary to the general principles of criminal law to make a judgment of *acquittal* subject to review and thus possibly put a defendant in jeopardy more than once.

3.

Circuit Court of Appeals Without Jurisdiction to Review a Judgment of Civil Contempt Except Upon the Appeal From the Final Decree in the Case.

If such judgment of acquittal be deemed a civil judgment or decree, it can be regarded only as *interlocutory* in character and, therefore, re-

viewable only upon appeal from a final decree in this cause. No final decree has been made herein and this cause, in the District Court, is now before the master on the accounting.

In the case of Doyle v. London Guarantee and Accident Company, Limited, 204 U. S. 599, 603, 607, this court said:

> "As a result of those decisions we deem it settled that an order punishing for contempt made in the progress of the case, when not in the nature of an order in a criminal proceeding, is regarded as interlocutory and to be reviewed only upon appeal from a final decree in the case. Matter of Christensen Eng. Co., 194 U. S. 458.
>
> * * * * * * *
>
> "But whatever the hardship, the question now before the court is as to the authority of the Circuit Court of Appeals to review judgments in contempt proceedings. In the Circuit Court of Appeals Act, as construed by this court, the jurisdiction of the Circuit Court of Appeals is extended to the right to review judgments entered before final decree in the action out of which the contempt proceedings arose where the order is final and in a proceeding of a criminal nature. Beyond this, the jurisdiction of the court has not been carried, and, in our opinion, no right of review exists in such a case as is shown in the certificate before us, in advance of a final decree in the case in which the order was made."

In *In re* Christensen, 194 U. S. 458, 460, this court said:

> "These authorities show that when an order imposing a fine for violation of an injunction is substantially one to reimburse the party injured by the disobedience although called one in a contempt proceeding, it is to be regarded as merely an interlocutory order, and to be reviewed only on an appeal from the final decree."

In view of these decisions, said judgment, if deemed of a civil nature, is only an interlocutory order or decree and reviewable only on an appeal from such *final* decree as may hereafter be entered herein. Furthermore, on its face, such judgment is not final as the same recites it is made "without prejudice to the right on the part of plaintiff to renew its application hereafter." [R. 98.]

The fact petitioner was entitled to a writ of error and to a review of those portions of said judgment *convicting* petitioner of criminal contempt, did not extend the statutory jurisdiction of the Circuit Court of Appeals in respect to reviewing that portion of the judgment *purging* petitioner of contempt.

In *Ex parte* National Enameling Co., 201 U. S. 156, the Circuit Court entered an interlocutory decree adjudging valid and infringed certain claims of the patent sued on, and adjudging others invalid and dismissing the bill

as to the invalid claims. The defendant appealed and the plaintiff took a cross appeal, which was dismissed by the Circuit Court of Appeals on the ground of want of jurisdiction.

In denying the petition for a writ of mandamus in that case, this court held that the statutes gave the Circuit Court of Appeals jurisdiction to review the interlocutory decree, *in so far as it granted an injunction,* but the same, not being a *final* decree, was not reviewable, before final decree, in respect to those portions adjudging some claims void and dismissing the suit as to such claims.

Obviously, the said authority is controlling in the case at bar. Petitioner's right to a writ of error did not extend the Circuit Court of Appeals' jurisdiction or justify its review of the judgment in so far as it purged petitioner of contempt.

4.

Circuit Court of Appeals Without Jurisdiction to Direct District Court to Make and Enter a Judgment Convicting Petitioner of Criminal Contempt.

In the judgment, made herein by the Circuit Court of Appeals, it is ordered that this cause be "remanded to the said District Court, *with directions to impose such punishment as may seem proper.*" [R. 131.]

Obviously, this is a judgment of conviction of *criminal* contempt and the District Court is directed to enter a similar judgment fixing the *punishment* to be inflicted on petitioner.

In its opinion, the Circuit Court of Appeals apparently viewed the judgment as of a civil nature. It, therefore, referred to section 4 of the act to amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726, as its justification for not dismissing the respondent's writ of error on the ground that respondent had mistaken his remedy and sued out a writ of error instead of taking an appeal. [R. 125.]

After apparently treating the proceeding as *on appeal* from a *civil* judgment, the Circuit Court of Appeals, as above stated, directed the District Court to enter a *criminal* judgment fixing the *penalty* to be suffered by petitioner.

In view of the above cited authorities, the Circuit Court of Appeals was certainly without jurisdiction to direct the entry of a *criminal* judgment.

5.

Petitioner Not Guilty of Contempt by Reason of Its Sale of Repair Parts for Devices Freed From Monopoly of Patent.

The Circuit Court of Appeals has found petitioner guilty of contempt by reason of its sale of repair parts for use in underreamers sold by it prior to the interlocutory decree herein.

The injunction restrained petitioner from selling parts for a use *"in infringement"* of the patent sued on.

We contend the underreamers, sold by petitioner prior to the interlocutory decree, became freed of the respondent's patent monopoly by reason of such decree awarding him full damages and profits.

This contention is based on a decision rendered by the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights Orange Growers' Association, 214 Fed. 550. In that case it is said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the venders of the defendants herein for such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, *must be held to vest the right to the use of the machines in the defendant's vendees free from any further claim by the patentee.*" (Italics ours.)

In the case at bar, such an interlocutory decree, awarding full damages and profits, has been entered. Therefore, such decree vested in

petitioner's venders, the right to use the underreamers, sold by petitioner prior to the decree, free from any further claim by the respondent Wilson.

Having the right to use said underreamers, said vendees had the right to repair the same and buy repair parts therefor.

> "The right of substitution or resupply of an element depends upon the same test. The license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it may be affected by wear or breakage."
>
> Leeds & Catlin Co. v. Victor Talking Machine Co., 232 U. S. 325, 336.

Having such right to buy repair parts, it could not constitute an infringement or contributory infringement for anyone to sell such repair parts for use in such freed underreamers. Therefore, petitioner was not guilty of contributory infringement or infringement in selling repair parts for use in such freed underreamers. That being true, petitioner did not violate the injunction herein and was not guilty of contempt.

This is the view the District Court took in purging petitioner of contempt. In other words, the District Court followed the Stebler decision, *supra,* just as petitioner did when it decided it was acting within its rights when selling such repair parts.

Conclusion.

Upon the case made out in the petition, it is respectfully submitted that the writ of *certiorari*, addressed to the judges of the United States Circuit Court of Appeals for the Ninth Circuit, should be issued as prayed.

Respectfully submitted,

A. V. ANDREWS,

FREDERICK S. LYON,

WILLIAM K. WHITE,

Counsel for Petitioner.

Notice.

To George B. Wilson, Esq., Counsel for Respondent, Elihu C. Wilson:

You will please take notice that on Monday, the 4th day of October, 1920, at 12 o'clock noon, or as soon thereafter as counsel can be heard, the foregoing petition and accompanying brief will be submitted to the Supreme Court of the United States at its usual place of holding its sessions in the capitol at Washington, D. C., for its consideration and action, at which time and place you will please take such action in the premises as you may be advised.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

ONER'S

IEF

NOV 25 1921
WM. R. STANSBURY
CLERK

SUPREME COURT

OF THE

UNITED STATES.

OCTOBER TERM, 1921.

Number 132.

Union Tool Company,
Petitioner.

vs

Elihu C. Wilson,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

BRIEF FOR PETITIONER.

FREDERICK S. LYON,
LEONARD S. LYON,
312 Stock Exchange Bldg., Los Angeles,
WILLIAM K. WHITE,
423 Crocker Bldg., San Francisco,
A. V. ANDREWS,
911 Union Oil Bldg., Los Angeles,
Attorneys for Petitioner.

Parker & Stone Co., Law Printers, 233 New High St., Los Angeles.

INDEX.

PAGE

Primary Questions Involved..... 4
Statement of Case..... 5
Specification of Fundamental Errors Relied Upon.... 21
Brief of Argument..... 23
I. The Circuit Court of Appeals Was Without Jurisdiction to Review the District Court's Judgment Purging Petitioner of Contempt.... 23
II. The Circuit Court of Appeals Erred in Finding That Petitioner's Sale of "Repair Parts" Constituted an Infringement of Respondent's Patent or Constituted a Violation of the Injunction..... 46
III. The Circuit Court of Appeals Erred in Adjudging That Petitioner Had Deliberately or Wilfully Violated the Injunction or Disregarded the Authority of the Court..... 83
IV. The Writ of Injunction, by Reason of Not Bearing the Teste of the Judge of the District Court, Was Void and of no Effect..... 88
Conclusion 89

TABLE OF CASES CITED.

Allis v. Stowell, 16 Fed. 783.
Asbestos Shingle A. & S. Co. v. Johns Manville, 189 Fed. 611.
Barnett v. Brandao, 6 Man. & G. 640.
Bassette v. Conkey, 194 U. S. 324, 48 L. Ed. 997.
Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. 768, 28 L. Ed. 768.
Birdsell v. Hagerstown Co., 3 Fed. Cas. 450, No. 1,437, 1 Hughes 641.

Bullock Eled. & M. Co. v. Westinghouse E. & M. Co., 129 Fed. 105.

Computing Scale Co. v. Nat'l. Computing S. Co., 79 Fed. 962.

Commonwealth v. Richardson, 125 S. W. Rep. 147.

Craig v. McCullough, 20 W. Va. 148.

DeLaski & Thropp v. Empire, 239 Fed. 139.

Doyle v. London G. & A. Co., 204 U. S. 599, 51 L. Ed. 641.

Ex parte National Enameling Co., 201 U. S. 156, 50 L. Ed. 707.

Farrar v. Churchill, 135 U. S. 610, 34 L. Ed. 246.

Fisher v. Consolidated Amador Mine, 25 Fed. 201.

Gompers v. Buck's Stove & R. Co., 221 U. S. 418, 55 L. Ed. 797.

Gilbert & Barker M. Co. v. Bussing, 10 Fed. Cas. 348; 12 Blatch 426.

Hobbie v. Jennison, 149 U. S. 355, 37 L. Ed. 766.

Ide v. Ball Engine Co., 31 Fed. 901.

In re Christensen, 194 U. S. 458, 48 L. Ed. 1075.

Kryptok Co. v. Stead Lens Co., 190 Fed. 765.

Kelly v. Ypsilanti Dress Stay Co., 44 Fed. 19.

Kreplik v. Couch Patents Co., 190 Fed. 565.

Leeds & Catlin Co. v. Victor Talking M. Co., 213 U. S. 325, 53 L. Ed. 816.

Marconi W. Tel. Co. v. Kilbourne & Clark M. Co., 235 Fed. 719.

Minerals Separation Ltd. v. Miami Copper Co., 269 Fed. 265.

Morgan v. United States, 169 Fed. 242.

Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500.

Morgan Sons Co. v. Gibson, 122 Fed. 420.

Nat'l. Cash Reg. Co. v. Boston Co., 41 Fed. 51.

New York Filter Co. v. Schwarzwalder, 58 Fed. 577.

Panoulias v. Nat'l. Equipment Co., 269 Fed. 630.

People v. Ann Arbor R. Co., 137 Mich. 673.

Perrigo v. Spalding, 13 Blatch. 389, 19 Fed. Cas. 260, No. 10,994.

Powers v. United States, 119 Fed. 562.
Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120.
Philadelphia Trust S. D. & Ins. Co. v. Edison E. L. Co., 65 Fed. 551.
Robinson on Patents, Vol. II, page 633.
Rumford Chem. Wks. v. Hecker, 50 G. 644.
S. S. Osborn, 105 U. S. 451, 26 L. Ed. 1065.
Sherman Clay Co. v. Searchlight Horn Co., 225 Fed. 497.
Slocomb & Co. v. Layman Co., 227 Fed. 94.
Spalding v. Page, 4 Fish. 621, 22 Fed. Cas. 892, No. 13,219.
Stebler v. Riverside H. O. G. Assn., 211 Fed. 985.
Stebler v. Riverside H. O. G. Assn., 214 Fed. 550, 131 C. C. A. 96, L. R. A. 1915 F. 1101.
Steam Stone Cutter Co. v. Windsor Mfg. Co., 22 Fed. Cas. 1169, No. 13,335, 17 Blatch. 34.
Stutz & Armstrong, 25 Fed. 147.
Third Nat'l. Bank v. Rice, 161 Fed. 822, 88 C. C. A. 64, 23 L. R. A. N. S. 1167.
Tuttle v. Matthews, 28 Fed. 98.
Union Tool Co. v. U. S. A., 262 Fed. 431.
Union Tool Co. v. Wilson & Willard Mfg. Co., 237 Fed. 837.
Union Tool Co. v. Wilson, 249 Fed. 736.
United States v. Home Stake Min. Co., 117 Fed. 481.
United States v. St. Anthony R. R. Co., 192 U. S. 548.
Van Epps v. International Paper Co., 124 Fed. 542.
Wagner v. Meccano, 239 Fed. 901.
Walker on Patents (5th Ed) p. 381.
Waterman Co. v. Standard Drug Co., 202 Fed. 167.
Wilson & Willard Mfg. Co. v. Union Tool Co., 249 Fed. 729.
Wilson v. Union Tool Co., 237 Fed. 847.
Wilson v. Union Tool Co., 265 Fed. 669.
Westinghouse v. Mutual Life Ins. Co., 129 Fed. 213.

IN THE

SUPREME COURT

OF THE

UNITED STATES.

OCTOBER TERM, 1921.

Number 132.

Union Tool Company,
Petitioner,

vs

Elihu C. Wilson,
Respondent.

Certiorari to the Circuit Court of Appeals for the Ninth Circuit.

BRIEF FOR PETITIONER.

This case comes before this court on writ of certiorari addressed to the United States Circuit Court of Appeals for the Ninth Circuit for the purpose of enabling this court to review that court's judgment reversing a judgment, of the

District Court for the Southern District of California, *purging* petitioner of contempt of court in respect to the alleged violation of a writ of injunction issued by the District Court and enjoining petitioner from infringing respondent's letters patent. The judgment of the Circuit Court of Appeals remands this case to the District Court "with directions to impose *such punishment* as may seem proper."

PRIMARY QUESTIONS INVOLVED.

Three fundamental propositions are primarily relied upon by petitioner. They are:

First: That the Circuit Court of Appeals had no jurisdiction to review or reverse this judgment purging petitioner of contempt.

Second: That the District Court was right and the Circuit Court of Appeals was wrong upon the question of whether the furnishing of *"repair parts"* by the petitioner constituted a violation of the injunction, and therefore, was an act in contempt of the court's authority.

Third: That in any event the finding of fact of the District Court that petitioner acted in good faith is conclusive against *criminal* contempt,—and this is fortified by the fact that the recognized rule of law of the District and of the Circuit clearly justified petitioner in the belief that it was not violating the injunction.

STATEMENT OF CASE.

Petitioner is a manufacturer of oil well equipment which includes devices for drilling or boring oil wells. In the standard method of drilling there is employed a heavy bit which is lowered into the well through a casing and, when below the casing, is alternately raised and dropped. The bit, being of smaller diameter than the casing, cuts a hole of less diameter than the outside diameter of the casing. Therefore, to further lower the casing in the well, it is necessary to increase the diameter of the hole cut by the bit.

The enlargement of the hole, cut by the bit, is accomplished by a device, called an *underreamer*, which reams out the hole under the lower end of the casing.

This underreamer embraces a body portion having mounted therein, at the lower end, two bits or cutters adapted to be collapsed together, when passed through the well casing, and to be expanded after leaving the lower end of the casing. With the cutters in expanded position, the underreamer can then be reciprocated up and down to increase the diameter of the well bore and thus permit a further lowering of the well casing therein.

Petitioner made and sold a number of types of underreamers which were all covered by its

own letters patent No. 734,833 issued in 1903 to Edward Double. The broadly novel features and value of this Double underreamer are indicated by the following remarks of the District Court for the Southern District of California in a case brought by petitioner against Wilson & Willard Mfg. Co., for the infringement of said Double patent, by the manufacture and sale of the Wilson underreamer covered by respondent's patent involved herein and hereinafter referred to as the Wilson patent. That court said:

> "It is clear that much of the credit for this great accomplishment is unquestionably due to the Double underreamer. It almost at once took the lead in the oil well tool trade over all former reamers."
>
> Union Tool Company v. Wilson & Willard Mfg. Co., 237 Fed. Rep. 837.

Subsequently, petitioner's underreamers, designated by it as Double Improved and Types D and E, were slightly modified by increasing the width of the *inthrust bearing* on the underreamer body and thus providing a slightly more extensive surface thereon against which the cutters would bear or would be thrust.

Thereafter, respondent herein charged that said types, Double Improved, and Types D and E, infringed the Wilson patent No. 827,595, issued to him in the year *1906*, or about three

years after the issuance of the Double patent and, on this later patent, respondent filed an infringement suit against petitioner.

Petitioner later made an underreamer designated as type F and,—charging this also to infringe his said patent,—respondent filed a second infringement suit against petitioner.

Respondent's said two suits against petitioner were consolidated in the District Court and designated as suit No. A4-B62 Consolidated. This suit was decided in favor of the respondent. The District Court has specifically found the infringement consists in this *widening* of such *inthrust bearing*, in the Double underreamer.

> "It consists in the widening of the inthrust bearing so that it extends beyond the outer diameter of the recess or pocket." [R. 92.]

In this consolidated suit, claims 2, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19 of respondent's patent were charged to be infringed. Said claims 16 and 17 covered only the cutters as independent devices, whether used or not used with the remaining parts of the Wilson underreamer. Said claims 9 and 19 of the Wilson patent respectively covered the complete underreamer comprising both the underreamer body and the two cutters mounted therein.

Adjudging all these claims valid, the District Court found *only* claims 9 and 19 infringed by the Double underreamer of the various types above specified. As stated before, the infringement was found to reside solely in the *widening* of the "inthrust bearing" *theretofore present* in the Double underreamer.

Wilson v. Union Tool Company, 237 Fed. 847.

In the case of petitioner against the Wilson & Willard Mfg. Co., for the infringement of the Double patent of 1903 by the Wilson underreamer, covered by the Wilson patent of 1906, the Circuit Court of Appeals reversed the District Court's finding of infringement on the ground that the Double patent *claims* were not of a scope sufficient to include, in their range of equivalents, the Wilson underreamer.

Wilson & Willard Mfg. Co. v. Union Tool Company, 249 Fed. 729.

In this suit in equity by respondent against petitioner (Case A4-B62 consolidated), for the infringement of the Wilson patent by the Double underreamer *plus* the widened inthrust bearing therein, the Circuit Court of Appeals affirmed the District Court's finding of infringement of claims 9 and 19 of the Wilson patent.

Union Tool Co. v. Wilson, 249 Fed. 736.

The interlocutory decree, in Case A4-B62, appears at pages 6 to 14 of the record herein and paragraph VI of said decree provides:

> "That complainant recover of the defendant the profits, gains and advantages which said defendant has derived, received, realized or made by reason of said infringement by defendant; and that complainant recover of said defendant any and all damages which complainant has sustained or shall sustain by reason of said infringement by defendant." [R. 12.]

Subsequent to the affirmance thereof by the Circuit Court of Appeals, there was issued, in said Case, A4-B62, a writ of injunction thereafter served on petitioner. [R. 14-16.] By the terms of said writ of injunction, petitioner was enjoined from directly or indirectly making, using or selling Double underreamers, of the types above specified, and from making, using or selling any parts therefor *"in infringement"* of the Wilson patent.

Thereafter, Elihu C. Wilson, complainant in said case, A4-B62, and respondent herein, filed therein, in the District Court, a motion for an order adjudging petitioner and certain of its officers, guilty of contempt by reason of their alleged violation of said writ of injunction. [R. 17-18.] The said motion was supported by a number of affidavits [R. 20-54] and, upon the filing of the motion, the District Court made

an order requiring petitioner to appear and show cause why petitioner should not be adjudged in contempt.

Prior to the hearing on the order to show cause and as a part of said contempt proceedings, petitioner and respondent entered into a "stipulation as to facts" [R. 56-58] wherein it was stipulated that petitioner, subsequent to the service of the writ of injunction, had made and sold two types of underreamers, respectively designated as "Pocket Type" and "U-Type" and which types *had not* been mentioned either in the interlocutory decree or in the writ of injunction. The stipulation also set forth that, subsequent to the service of the writ of injunction, petitioner had made and sold certain *"repair parts"* for *use* in underreamers of the respective types mentioned in the interlocutory decree and in the writ of injunction and which underreamers had been sold by petitioner to dealers and users prior to the service of the writ of injunction.

Upon the hearing of said order to show cause, it appeared there were two separate and distinct issues to be determined, to wit:

1. The issue as to whether or not said "Pocket" and "U" types infringed the Wilson patent and, as a consequence thereof, whether or not the manufacture and sale thereof by petitioner constituted a violation of the injunction.

2. The issue as to whether or not the injunction had been violated by petitioner's sale of said *"repair parts"* for use in the types of underreamers sold by it prior to the service of the injunction and which types of underreamers were specified in the writ of injunction.

In respect to the first issue, the District Court overruled petitioner's contention that said "Pocket" and "U" types did not embrace the *"widened inthrust bearing,"* understood by petitioner to have been referred to by the District Court in its original opinion on final hearing of the cause, and, therefore, on said first issue, petitioner was adjudged to have violated the injunction.

Although the District Court expressly found petitioner was *"not acting in bad faith,"* in respect to the sale of said "Pocket" and "U" types [R. 88], nevertheless that court, by reason of the sale of said types, made and entered a decree ordering petitioner to pay to the clerk of the court a fine of five thousand dollars and providing that one-half of said amount be paid by the clerk to respondent *"as a reasonable portion of the expenses incurred"* by the respondent in said proceedings. [R. 94-99.]

In respect to the *other separate and distinct issue*, raised in said contempt proceedings and involving petitioner's sale of *"repair parts,"* petitioner contended:

a. That the manufacture and sale of said repair parts was not an infringement of the Wilson patent and, therefore, not prohibited by the injunction, for the reason that the only Wilson patent claims, in respect to which the injunction was ordered, were claims 9 and 19, respectively covering complete combinations constituting complete underreamers, and that the only Wilson patent claims, respectively covering the separate parts of the Wilson underreamer, had been adjudged *not* infringed by said Double underreamers.

b. That in respect to the infringing Double underreamers, sold by petitioner *prior* to the issuance of the injunction, the interlocutory decree decreed that respondent recover and ordered an accounting of the profits due to the use of the infringement and realized by petitioner, and of the damages suffered by respondent by reason of such sale and manufacture thereof, and the said decree awarded said profits and damages to respondent with the result that respondent would receive full and complete compensation for such infringing manufacture and sale of said underreamers.

Wherever in this brief reference is made to full compensation, profits or damages, to respondent on account of the infringement, it is to be understood that these items are confined

to that minor feature of the Wilson patent held to have been infringed by petitioner and to refer to such compensation, profits or damages as are legally contributable to such infringement and recoverable.

c. That, by reason of respondent's said recovery of all such profits and damages so arising out of such manufacture and sale of said underreamers, the purchasers and the users thereof became vested, by law, with an implied license to use said underreamers and to repair the same; or, in other words, by reason of respondent's said recovery of full and complete compensation, the said underreamers became freed of the Wilson patent monopoly.

d. That respondent, *having elected* as his *remedy* to recover all profits and all damages arising because of the use of this infringing widened bearing, cannot be heard to enforce against the petitioner herein the *inconsistent additional remedy* pending accounting, of enjoining the use of the very underreamers upon which profits and damages have been awarded, or to effectually prevent such use (notwithstanding the recovery of said profits and damages based upon such use) by preventing the furnishing of "repair parts." *This is under the equitable doctrine of election of inconsistent remedies.*

e. That, therefore, the manufacture and sale of *"repair parts,"* for use in said underreamers, so impliedly licensed in law and thus freed of the Wilson patent monopoly, could not constitute an infringement of the Wilson patent.

The foregoing contentions were based in part on the decision of the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights, 214 Fed. 550, wherein that Court said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the vendees of the defendants herein for such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendant's vendees free from any further claim by the patentee."

This decision was upon an appeal from a decision in the Southern District of California (at Los Angeles), the same district wherein this suit A-4—B-62 is pending and wherein this

contempt proceeding was heard. (See 211 Fed. 985.) This was the established rule of law both of the *District* and of the *Circuit*.

Defendant acted upon this settled rule of law. The District Court purged defendant of contempt in so following such rule of law.

In sustaining petitioners said contentions in opposition to respondent's motion in said contempt proceedings, the District Court said:

> "The law, as I read it, and the reason of the thing, as it appeals to me, seems to be that when the plaintiff, in pursuance of his proper rights shall have received from somebody—it makes no difference who the unfortunate individual is—all of the profits and all of the damages that shall have inured to him because of the trespass upon his rights, in virtue of an infringement of his patent, why, then he has no further cause for complaint and having done that, he may not go out in the street or upon one's property and take away from him an infringed device merely because it has been, or is, or was, or continues to be, an infringement of his patent. In other words, if he is the beneficiary of all the relief that is usually accorded to one whose rights are violated in a court of law, why, then he has no further claim or complaint to make; and the person or user who is the possessor of such an infringing device thereafter retains and is entitled to exercise proprietary ownership of and over the device, with all of the incidents thereto, it being freed in his hands to the same extent as if he himself had purchased it from

> one who was a due and regular licensee. And if he is the owner of it and entitled to the beneficial use of it, he is entitled, when a portion of it wears out, to go into the market where best he may, and buy another portion to replace that * * * Now, if he possesses the right to do that, then this court may not directly or indirectly lay its staying hand upon him and say that he may have the form of the thing but is denied the substance; may not say that he has the right to use, but he shall never be permitted the opportunity to use, because the court will not permit him to buy any of the articles of repair that are necessary for its practical use. And the court, in effect, would be enjoining him from buying, if it enjoined someone else from selling it to him. I do not see any escape from that conclusion. It would be enjoining the sale to him, if it punished by contempt the sale to him." [R. 75-77.]

By reason of its said views, the district court *purged* petitioner of contempt in respect to the sale of said repair parts. The district court's decree, so purging petitioner of contempt, and the district court's decree, adjudging petitioner guilty of contempt, in respect to its sale of the "Pocket" and "U" types of underreamers, although separate and distinct orders and decrees in respect to two separate and distinct matters, were, nevertheless, combined together in the same paper. However, the decree, *purging petitioner of contempt,* was set forth in a dis-

tinct and separate paragraph and reads as follows:

"III

"That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter." [R. 97-98.]

Petitioner sued out a writ of error to the Circuit Court of Appeals for the Ninth Circuit from said decree adjudging petitioner guilty of contempt, by reason of its sale of the "Pocket" and "U" types, and ordering petitioner to pay a fine of five thousand dollars.

On said writ of error, the Circuit Court of Appeals *declined to review* the District Court's finding of infringement in respect to the "Pocket" and "U" types of underreamers but did *reverse* the District Court's decree, in respect to the punitive portion thereof, and *affirmed* the same, in respect to the remedial portion thereof providing for the payment to respondent of twenty-five hundred dollars.

The reversal of the punitive portion of the decree was based on the District Court's find-

ing that petitioner had not acted in bad faith and had not willfully violated the injunction.

Union Tool Company v. United States, 262 Fed. 431.

The decision, of the Circuit Court of Appeals on petitioner's said writ of error, was rendered on January 5, 1920. It is to be noted and emphasized that, in the proceedings had on petitioner's said writ of error, there was *not* involved the issue relating to petitioner's sale of repair parts and, in respect to which issue, the District Court had *purged* petitioner of contempt.

By way of a separate and independent proceeding, respondent sued out a writ of error from the decree purging petitioner of contempt in respect to the sale of said repair parts. [R. 1-3.]

Petitioner filed a motion to dismiss respondent's said writ of error [R. 122-124] and the said motion and the cause, on its merits, were argued and submitted to the Circuit Court of Appeals on January 8, 1920, [R. 121]. Prior to this date, the Circuit Court of Appeals had rendered its decision on petitioner's said writ of error and it is to be noted and emphasized that the respective proceedings had on these two writs of error were entirely separate and distinct.

On May 17, 1920, the Circuit Court of Appeals rendered a decision denying petitioner's motion to dismiss respondent's writ of error and reversing the District Court's decree purging petitioner of contempt in respect to petitioner's sale of said repair parts for use in the underreamers so contended, by petitioner, to be freed of the Wilson patent monopoly.

The said decision appears in the record at page 135 and is reported in 265 Fed. 669. In accordance with this decision, the Circuit Court of Appeals made and entered the following judgment:

> "On consideration whereof, it is now here ordered and adjudged by this court, that the said motion to dismiss the writ of error in this cause be, and hereby is denied, and that the judgment of the said District Court in this cause be, and hereby is reversed, with costs in favor of the plaintiff and against the defendant in error, and that this cause be, and hereby is remanded to the said District Court, WITH DIRECTIONS TO IMPOSE SUCH PUNISHMENT AS MAY SEEM PROPER."

Thereafter, petitioner filed, in the Circuit Court of Appeals, a petition for rehearing and this was denied on August 2, 1920. [R. 136.] On August 26, 1920, petitioner filed, in this court, its petition for a writ of certiorari, which was granted on October 18, 1920.

It thus appears that the judgment, to be reviewed by this Honorable Court, is that entered by the Circuit Court of Appeals for the Ninth Circuit on May 17, 1920, which judgment reverses the District Court's judgment *purging* petitioner of contempt, in respect to its sale of repair parts, and directs the District Court *"to impose such punishment as may seem proper."*

The review of said judgment involves a consideration of two broad propositions of general public importance:

FIRST: *When, if at all, has a Circuit Court of Appeals jurisdiction to review a judgment of acquittal by a District Court in a contempt proceeding?*

SECOND: Where a patentee has sued a manufacturer for infringement of one patent by adding a minor feature of such patent to a different device made under an older patent,—and has *elected* as his remedy to obtain full recovery of all damages and profits resulting from such infringement and has actually obtained an interlocutory decree awarding all such damages and profits and has proceeded to an accounting thereof, *by way of full and complete remedy for such wrongful use of the said feature of his patent,*—while such accounting is pending, will the supplying of "repair parts," by the manufacturer constitute a *new infringement,* and thus

prevent the use of the very machines upon the sale of which the infringer is so adjudged to pay such full compensation?

Are not these remedies inconsistent?

Since in this case the ability of the infringer to respond is specifically assumed by the District Court and not controverted, and since the "repair parts" *are not such as respondent could supply*,—will equity permit respondent,—after full *election* of his *complete* remedy,—to resort to a wholly inconsistent remedy and thus obtain pay for a value which he is permitted to substantially destroy?

Upon this second proposition the decision of various Circuit Courts of Appeal are in conflict. Indeed there is a conflict between two decisions of the Circuit Court of Appeals for the *Ninth Circuit*. Therefore it is of *general and public importance* that this court pass upon this proposition and settle the law thus in doubt.

All italics herein may be deemed ours.

Specification of Fundamental Errors Relied Upon.

First: The Circuit Court of Appeals was without jurisdiction to review and erred in reviewing the District Court's judgment, purging petitioner of contempt, because:

1. The jurisdiction of the Circuit Court of Appeals is strictly statutory and limited to the

cases specifically and expressly covered by statute.

2. The manner, in which the instant contempt proceeding was instituted and prosecuted throughout all the stages thereof, brands that proceeding as *civil* in nature, and no statute gives the Circuit Court of Appeals jurisdiction to review a judgment of *civil contempt*, except on appeal after *final decree* entered in the cause wherein the contempt judgment was made.

3. The contempt proceeding being civil in nature, only remedial relief was proper and the Circuit Court of Appeals erred in directing the District Court to enter a judgment imposing *"such punishment as may seem proper,"* or, in other words, to enter a criminal judgment.

4. The Circuit Court of Appeals could not acquire jurisdiction of the proceedings on respondent's writ of error by reason of the writ of error previously sued out by petitioner or by reason of any proceedings had thereon.

5. The Circuit Court of Appeals had no jurisdiction to review or reverse a judgment of *acquittal* of *criminal* contempt.

Second: The Circuit Court of Appeals erred in finding that petitioner's sale of "repair parts" constituted an infringement of respondent's patent or constituted a violation of the injunction.

Third: The Circuit Court of Appeals erred in adjudging that petitioner had deliberately or willfully violated the injunction or disregarded the authority of the court.

Fourth: The Circuit Court of Appeals, upon respondent's writ of error, was bound by the District Court's findings of fact and erred in setting aside said findings that petitioner had *not* deliberately or willfully disregarded the authority of the court.

Fifth: The writ of injunction was void and a nullity because it was not issued as required by statute, *i. e.*, not bearing the teste of the judge of the District Court.

BRIEF OF ARGUMENT.

I.

The Circuit Court of Appeals Was Without Jurisdiction to Review the District Court's Judgment Purging Petitioner of Contempt.

1. THE JURISDICTION OF THE CIRCUIT COURT OF APPEALS IS STRICTLY STATUTORY AND LIMITED TO CASES SPECIFICALLY AND EXPRESSLY COVERED BY STATUTE.

The jurisdiction of the Circuit Court of Appeals is defined and limited by statute and it has no jurisdiction over cases not specified in

the statutes. Section 128 of the Judicial Code (as amended by the Act of January 28, 1915) provides:

> "The Circuit Courts of Appeals shall exercise appellate jurisdiction to review by appeal or writ of error *final* decisions in the District Courts * * * in all cases other than those in which appeals and writs of error may be taken direct to the Supreme Court, * * *."

This statute grants jurisdiction to Circuit Court of Appeals only for the review of *"final* decisions." There has been no *"final"* decree entered in the cause at bar. Only an *interlocutory* decree has been entered herein and the accounting, ordered therein, is now being had before a special master in chancery.

Section 129 of the Judicial Code provides for appeals from interlocutory orders and decrees "granting, continuing, refusing, dissolving, or refusing to dissolve, an injunction, or appointing a receiver" but contains no provision for an appeal from an interlocutory decree or order in a contempt proceeding.

Section 23 of the Act of October 15, 1914, (Clayton Act), in reference to a review in contempt proceedings, provides:

> "That the evidence taken upon the trial of any person so accused may be preserved by bill of exceptions, and any judgment

of *conviction* may be reviewed upon writ of error * * *."

According to this statute, the jurisdiction of the Circuit Court of Appeals *is limited* to a review of judgments of *conviction*. It confers no jurisdiction to review a judgment *purging of contempt*. That is an acquittal.

We know of no other statutes under which the Circuit Court of Appeals could assume jurisdiction to review contempt proceedings.

Under section 128 of the Judicial Code, the Circuit Court of Appeals was without jurisdiction to review the District Court's interlocutory decree *purging* petitioner of contempt because said decree was not *final* and no final decree has been entered herein. Also, under the Clayton Act, the Circuit Court of Appeals was without jurisdiction to review said judgment of *acquittal* because said act grants to that court only the right to review judgments of *conviction*.

2. THE MANNER, IN WHICH THE CONTEMPT PROCEEDINGS HEREIN WERE INSTITUTED AND PROSECUTED THROUGHOUT ALL THE STAGES THEREOF, BRANDS THOSE PROCEEDINGS AS CIVIL IN NATURE AND NO STATUTE GRANTS THE CIRCUIT COURT OF APPEALS JURISDICTION TO REVIEW A JUDGMENT OF CIVIL CONTEMPT, EXCEPT ON APPEAL AFTER FINAL DECREE ENTERED IN THE CAUSE WHEREIN THE CONTEMPT JUDGMENT WAS RENDERED.

Contempt proceedings, instituted to preserve the power and vindicate the dignity of the courts by punishing those disregarding the same, are *criminal* in nature, and, therefore, the Government and people are interested in prosecuting such *criminal* contempt proceedings.

Contempt proceedings, instituted by parties to suits for the purpose of protecting a private right or enforcing a private remedy, are *civil* in nature, and, therefore, only the parties, concerned with such a right or remedy, are interested in prosecuting such *civil* contempt proceedings.

In the instant case, the Government and people have never appeared. The contempt proceedings were *instituted* and *prosecuted solely by the respondent.*

The *respondent* made a "stipulation of facts" herein [R. 56-58] and, at all times, *respondent*

has conducted the proceedings solely in his own name and on his own behalf and not as a representative of or on behalf of the United States. The initial motion, in these contempt proceedings, was entitled: "Elihu C. Wilson, complainant v. Union Tool Company, defendant" [R. 17], and was *not* entitled: "United States of America v. Union Tool Company" or "In re Union Tool Company" as would have been necessary and in accordance with law, if said proceedings had been for criminal contempt. In other words, the contempt proceedings herein were instituted, entitled, tried and treated as a part of the original cause in equity, No. A4-B62. By reason thereof, said proceedings must be deemed and are proceedings in *civil* contempt instituted as a part of said equity cause No. A4-B62. In reference to a similar state of facts, this court, in the case of Gompers v. Buck's Stove and R. Co., 221 U. S. 418, 55 L. Ed. 797, said:

> "We find nothing in the record indicating that this was a proceeding with the court, or more properly the Government, on one side and the defendants on the other. On the contrary, the contempt proceedings were instituted, entitled, tried, and, up to the moment of sentence, treated as a part of the original cause in equity. The Buck's Stove & Range Company was not only the nominal, but the actual, party on the one side, with the defendants on the other.

The Buck's Stove Company acted throughout as complainant in charge of the litigation. As such and through its counsel, acting in its name, it made consents, waivers, and stipulations only proper on the theory that it was proceeding in its own right in an equity cause, and not as a representative of the United States, prosecuting a case of criminal contempt. It appears here also as the sole party in opposition to the defendants; and its counsel, in its name, have filed briefs and made arguments in this court in favoring affirmance of the judgment of the court below.

"But, as the court of appeals distinctly held that this was not a part of the equity cause, it will be proper to set out in some detail the facts on this subject as they appear in the record.

"In the first place the petition was not entitled 'United States v. Samuel Gompers *et al.*' or 'In re Samuel Gompers *et al.*' as would have been proper, and, according to some decisions, necessary, if the proceedings had been at law for criminal contempt. This is not a mere matter of form, for manifestly every citizen, however unlearned in the law, by mere inspection of the papers in contempt proceedings ought to be able to see whether it was instituted for private litigation or for public prosecution, whether it sought to benefit the complainant or vindicate the court's authority. He should not be left in doubt as to whether relief or punishment was the object in view. He is not only entitled to be informed of the nature of the charge against him, but to know that it is a charge and not a suit. United States v. Cruickshank, 92 U. S. 542, 559, 23 L. Ed. 588, 593."

In view of this decision, it is evident that the contempt proceedings, in the case at bar, must be deemed *civil* in nature and merely a part of respondent's cause in equity, No. A4-B62. Therefore, the District Court's decree, in said civil proceedings, was merely an *interlocutory* decree purging petitioner of contempt.

The proceedings in the Circuit Court of Appeals on respondent's writ of error must be construed to be civil because those proceedings were entitled in an equity case and were prosecuted solely by respondent. We hereafter submit that an acquittal in criminal contempt is not reviewable; but in any event a criminal judgment could only be reviewed at the instance of the Government.

THE CIRCUIT COURT OF APPEALS HAD NO JURISDICTION TO REVIEW THE INTERLOCUTORY DECREE PURGING PETITIONER OF CONTEMPT EXCEPT ON AN APPEAL FROM A FINAL DECREE IN THE EQUITY CAUSE AND NO FINAL DECREE HAS BEEN MADE THEREIN.

As said by this court, in "Re Christensen," 194 U. S. 458:

> "These authorities show that when an order imposing a fine for violation of an injunction is substantially one to reimburse the party injured by the disobedience, although called one in a contempt proceeding,

> it is to be regarded as merely an interlocutory order, and to be reviewed only on appeal from the final decree."

No final decree has been made in the suit at bar and the cause is now before the master on the accounting. It is evident, therefore, the Circuit Court of Appeals was without jurisdiction to review said interlocutory contempt decree purging petitioner of contempt and can only review it on an appeal from a final decree if such an appeal is hereafter taken. In the case of Doyle v. London Guarantee & Accident Co., Ltd., 204 U. S. 599, this court said:

> "But, whatever the hardship, the question now before the court is as to the authority of the circuit court of appeals to review judgments in contempt proceedings. In the circuit court of appeals act, as construed by this court, the jurisdiction of the circuit court of appeals is extended to the right to review judgments entered before final decree in the action out of which the contempt proceedings arose where the order is final and in a proceeding of a criminal nature. Beyond this the jurisdiction of the court has not been carried, and, in our opinion, no right of review exists in such a case as is shown in the certificate before us, in advance of a final decree in the case in which the order was made."

In view of this decision, we respectfully submit the Circuit Court of Appeals erred in assuming jurisdiction to review said interlocutory decree purging petitioner of contempt.

3. THE CONTEMPT PROCEEDINGS BEING CIVIL IN NATURE, ONLY REMEDIAL RELIEF WAS PROPER AND THE CIRCUIT COURT OF APPEALS ERRED IN DIRECTING THE DISTRICT COURT TO ENTER A JUDGMENT IMPOSING "SUCH PUNISHMENT AS MAY SEEM PROPER," OR, IN OTHER WORDS, TO ENTER A CRIMINAL JUDGMENT.

It is to be noted that the Circuit Court of Appeals, in reversing the District Court's decision, entered a judgment directing the District Court *"to impose such punishment as may seem proper."*

Obviously, the infliction of *"punishment"* and the grant of *"remedial relief,"* by reason of the violation of an injunction, are two very different things. *"Punishment"* is imposed for the purpose of vindicating the dignity and authority of the court, with the public on one side and the defendant on the other; and a judgment, imposing "punishment," can only be entered in a *criminal* contempt proceeding. *"Remedial relief"* is granted for the benefit of the private party whose rights are injured by the violation of the injunction and a civil judgment, granting such relief, is entered in a civil contempt proceeding, forming a part of the main equity cause in which the injunction was issued.

Therefore, the Circuit Court of Appeals erred in directing the District Court to enter a *crimi-*

nal judgment herein imposing on petitioner "*such punishment as may seem proper,*" notwithstanding the *civil* nature of the contempt proceedings. In Gompers v. Buck's Stove & Range Co., *supra*, this precise point was passed on by this court which set aside the judgment, imposing "punishment," because the contempt proceeding was civil in nature and only remedial relief was proper. As said therein by this court:

> "There was therefore a departure—a variance—between the procedure adopted and the punishment imposed, when, in answer to a prayer for remedial relief, in the equity cause, the court imposed a punitive sentence appropriate only to a proceeding at law for criminal contempt. The result was as fundamentally erroneous as if in an action of 'A. vs. B. for assault and battery,' the judgment entered had been that the defendant be confined in prison for twelve months. * * *
>
> "But, as we have shown, this was a proceeding in equity for civil contempt where the only remedial relief possible was a fine payable to the complainant."

In view of this authority, we respectfully submit the Circuit Court of Appeals erred in directing the District Court to impose, on petitioner, "such punishment as may seem proper."

So far as concerns "remedial relief," the respondent was awarded full and complete relief of that nature by the judgment awarding to respondent the sum of twenty-five hundred dol-

lars "as a reasonable portion of the expenses incurred by the complainant in the instant proceedings." [R. 98.] Furthermore, in the accounting now proceeding in the main equity cause, the respondent will recover all damages and profits arising out of any infringement of his letters patent. Therefore, there is no further or additional *remedial* relief to which the respondent is or could be entitled.

4. Respondent is met by this dilemma: The contempt proceeding wherein the District Court purged the petitioner of the charge of contempt here in question was either (1)—a proceeding for *civil* contempt, as it purported to be, or (2)—for *criminal* contempt. If it was for *civil* contempt, then it was part and parcel of the equity case and not the subject of review before final judgment. This we have discussed.

If it was for *criminal* contempt, then no jurisdiction is conferred upon the Circuit Court of Appeals, because the judgment was not one of *"conviction"* but of *acquittal.* In any event there was no record upon which a finding of "bad faith" or "wilfulness" or "contumacious conduct" could be based. Indeed the District Court holds to the contrary and finds also that petitioner was acting within the express language of the well known case of Stebler v. Riverside Heights Orange Growers Association, 214 Fed.

550,—which was the recognized authority in that District and Circuit.

5. THE CIRCUIT COURT OF APPEALS COULD NOT ACQUIRE JURISDICTION OF THE PROCEEDINGS ON RESPONDENT'S WRIT OF ERROR BY REASON OF THE WRIT OF ERROR PREVIOUSLY SUED OUT BY PETITIONER OR BY REASON OF ANY PROCEEDINGS HAD THEREON.

In moving to dismiss respondent's writ of error, in the Circuit Court of Appeals, petitioner, as one of the grounds warranting a dismissal, pointed out that the writ was not supported by any bill of exceptions.

In its opinion, denying the motion to dismiss and reversing the District Court's judgment, the Circuit Court of Appeals met this proposition by treating the writ of error as an "*appeal,*" under the authority of section 4 of the act to amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726.

In its said opinion, respondent's said writ of error is termed a "cross-writ." We respectfully submit such a designation thereof finds no warrant either in fact or law. The proceedings had thereon and the record in support thereof were entirely separate and distinct from the proceedings had on petitioner's writ of error previously sued out and previously heard and decided

by the Circuit Court of Appeals on its own separate and distinct record.

We know of no provision, in law, for a "cross-writ." The review, had on one writ of error, is a proceeding separate and distinct from a review had on another writ of error. In order to obtain such a review on one writ of error, all the provisions of the law must be complied with and any defect, resulting from the failure to comply with such provisions, cannot be cured by recourse to the steps taken by the opposing party in support of his own independent writ of error.

Probably, the Circuit Court of Appeals, in so designating respondent's writ a "cross-writ," had in mind a "cross-appeal" because it apparently treated such writ of error as an "appeal." Although an appeal by one party is, for convenience, sometimes spoken of as a "cross-appeal" when the opposing party has also taken an appeal, nevertheless this court has determined that each such appeal, in the same cause, must be founded on a proper jurisdictional basis and taken within the time allowed by law. In this regard, one appeal gains no benefit from the other appeal. When two such appeals can be and are properly perfected under the law, they are, for convenience and economy, sometimes heard on the same record except as to the re-

spective steps taken in perfecting each such appeal.

However, it is well established that jurisdiction, to hear one appeal, is not acquired by reason of the court's jurisdiction to hear another appeal in the same cause.

In denying petitioner's motion to dismiss respondent's writ of error,—so treated as an *"appeal,"*—the Circuit Court of Appeals failed to apply the well-established rule that a *civil* contempt judgment, entered in an equity suit, cannot be reviewed except upon the appeal from the *"final"* decree in the cause.

Its failure to apply this rule was based, no doubt, on a theory that, by reason of petitioner's writ of error, previously sued out and previously determined by the court, the whole matter could be reviewed on respondent's writ of error, treated as an "appeal." As indicating such a theory, the Circuit Court of Appeals said:

> "But as both punitive and remedial phases were before the District Court and both were considered, both may be reviewed upon a writ of error. Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120; Kreplik v. Couch Patents Co., 190 Fed. 565." [Rec. 129.]

It is respectfully submitted that the cases, so cited by that court, are not in point. In each of said cases, both a punitive and a remedial contempt judgment had been made holding the

defendant in contempt. From such judgment, *both criminal and civil in nature* the *defendant* sued out a writ of error. On such single writ of error, sued out by the convicted defendant, the Circuit Court of Appeals held that it had jurisdiction to review both the criminal and civil phases of the contempt proceeding.

It is thus apparent that said Proudfit and Kreplik cases are *not* authority on the point under discussion herein. They both relate to the jurisdiction of the Circuit Court of Appeals on a writ of error sued out by the defendant from a judgment, both criminal and civil in nature. Having undoubted jurisdiction, under the Clayton Act, to review such a criminal judgment of *conviction* on a writ of error, the Circuit Court of Appeals, in said cases, merely held they were respectively entitled to review the *civil* aspects of the same judgment of conviction of criminal contempt.

In the case at bar, we are not concerned with the extent of the jurisdiction of the Circuit Court of Appeals to review, on petitioner's *prior* writ of error, the District Court's judgment convicting petitioner of both criminal and civil contempt, which judgment, in respect to the criminal aspects thereof, had been set aside by the Circuit Court of Appeals, (262 Fed. 431), *prior* to the hearing on respondent's writ of

error from the interlocutory decree purging petitioner of contempt.

The question, involved in the case at bar, relates solely to the jurisdiction of a Circuit Court of Appeals to review an interlocutory decree, purging a defendant of contempt, on a separate and independent writ of error sued out by the complainant prior to the entry of any final decree in the cause.

Furthermore, the jurisdiction of the Circuit Court of Appeals, on respondent's writ of error, was not extended or affected by reason of the prior writ of error sued out by petitioner. Treating respondent's writ of error as an appeal, as did the Circuit Court of Appeals, the decision of this court in *Ex parte* National Enameling Co., 201 U. S. 156, 50 L. Ed. 707, is an authority to the effect that such an appeal, in respect to whether or not it was properly taken and can be entertained by the higher court, must rest on its own foundation and the propriety thereof is not affected or fortified by the pendency of any other appeal or writ of any final decree in the cause.

In *Ex parte* National Enameling Co., *supra*, the District Court entered an interlocutory decree adjudging valid and infringed certain claims of a patent sued on, and adjudged other claims invalid and dismissed the bill as to the

invalid claims. The defendant appealed and the plaintiff took a cross appeal. The *cross* appeal was dismissed by the Circuit Court of Appeals on the ground of want of jurisdiction, notwithstanding that the Circuit Court of Appeals had and did exercise jurisdiction on the appeal taken by defendant in the case.

In denying a petition for a writ of mandamus in that case, this court held that the statutes gave the Circuit Court of Appeals jurisdiction to review the interlocutory decree, in so far as it granted an injunction, but, as the interlocutory decree was not a final decree, those portions thereof adjudging some claims void and dismissing the suit as to the same could not be reviewed prior to a final decree.

The principle of *Ex parte* National Enameling Co. is decisive in the case at bar. In that case, this court held that jurisdiction of the cross appeal could not be sustained because the Circuit Court of Appeals properly had jurisdiction of defendant's appeal. The rule was specifically applied by this court in *ex parte* National Enameling Co. to a cross appeal but the reason for the rule and the rule apply with equal force to a so-called "cross" writ of error; particularly, as in the case at bar, the Circuit Court of Appeals treated the so-called "cross" writ of error as a cross appeal.

The same general rule was applied by this court in Farrar v. Churchill, 135 U. S. 610, 34 L. Ed. 246, wherein the plaintiff perfected an appeal within the time prescribed by law and the defendant was allowed a cross appeal but did not perfect such cross appeal within the statutory time. Defendant's said cross appeal was dismissed by this court although the complainant's appeal was heard and passed on. It appears, therefore, to be the general rule that the appellate court's jurisdiction to entertain one appeal cannot be based on or extended by reason of another appeal taken by the opposing party in the same cause. As said in Farrar v. Churchill, *supra:*

> "Cross appeals must be prosecuted like other appeals."

To the same effect, see S. S. Osborne, 105 U. S. 451, 26 L. Ed. 1065.

In view of the foregoing, we respectfully submit that, as the civil judgment purging petitioner of contempt herein was merely an interlocutory order made in the main equity cause, and, therefore, not reviewable except on appeal after final decree entered in said cause, the Circuit Court of Appeals did not acquire jurisdiction to entertain respondent's writ of error merely because petitioner, by its own independent writ of error and the separate proceedings

had thereon, previously obtained a review of the District Court's judgment of conviction in respect to an entirely different phase of the contempt proceedings.

5. THE CIRCUIT COURT OF APPEALS HAD NO JURISDICTION TO REVIEW OR REVERSE A JUDGMENT OF ACQUITTAL OF CRIMINAL CONTEMPT.

The District Court's judgment, purging petitioner of contempt, reversed by the Circuit Court of Appeals on respondent's writ of error, was a judgment of *acquittal* and not one of *conviction*. If that judgment be deemed a criminal judgment (we have submitted above that the proceeding was civil in every respect) then the acquittal was final and the judgment was not reviewable by the Circuit Court of Appeals.

Section 23 of the Clayton Act, *supra*, expressly limits the jurisdiction of the Circuit Court of Appeals, in criminal contempt proceedings, to a review of judgments of *conviction*. Therefore, if the District Court's judgment, purging petitioner of contempt, be deemed a criminal judgment of acquittal, it certainly was not reviewable under the Clayton Act.

Also, the fundamental principles of criminal law would seem to inhibit any review of a criminal judgment of acquittal. The "once in jeopardy" rule would be violated by a reversal of a

criminal judgment of *acquittal* which would result in a second trial on a charge of which the defendant had been already acquitted. Therefore, under such general principles, the District Court's judgment of acquittal herein was final and not reviewable.

It was the District Court's injunction, which was herein charged to have been violated, and the District Court found there had been no violation in respect to the matters reviewed on respondent's writ of error. Section 268 of the Judicial Code provides that the infliction of any punishment for contempt shall be "at the discretion of the court."

At common law and in the absence of express legislation, no authority resides in one court to review another court's contempt judgment. As said by this court, in Bessette v. W. B. Conkey, 194 U. S. 324, 48 L. Ed. 997:

> "At common law it was undoubted that no court reviewed the proceedings of another court in contempt matters."

And, in respect to judgments in criminal contempt proceedings, we have found no case, other than the case at bar, in which a Federal Court has undertaken to review and reverse a judgment of acquittal.

In respect to judgments of acquittal in civil contempt proceedings, some of the federal appellate courts, on an appeal after *final* decree

in the cause, have reviewed such character of judgments.

The Circuit Courts of Appeal for the Sixth and Eighth Circuits, respectively, reviewed, on appeals after *final* decrees, civil judgments of acquittal in the following cases:

> L. E. Waterman Co. v. Standard Drug Co., 202 Fed. 167;
>
> Enoch Morgans' Sons Co. v. Gibson, 122 Fed. 420.

On the other hand, the Circuit Court of Appeals for the Third Circuit held that:

> "An order refusing to adjudge defendant guilty of contempt for violating an injunction in an infringement suit is not appealable."
>
> Minerals Separation Ltd. v. Miami Copper Co., 269 Fed. 265.

Although we have found no federal court decision directly holding that a judgment of *acquittal* of criminal contempt is not reviewable, nevertheless such a review thereof would appear to be inconsistent with this court's ruling, in Bessette v. Conkey, *supra*, wherein it was said, in respect to contempt proceedings:

> "They are triable only by the court against whose authority the contempts are charged. No jury passes upon the facts; no other court inquires into the charge."

However, there are numerous state court decisions directly holding that contempt judgments

of acquittal are final and not reviewable. In Commonwealth v. Richardson, 125 Southwestern Rep. 147, the Court of Appeals of the state of Kentucky held there was no appeal, by the plaintiff, from a judgment acquitting defendant of contempt. In this regard, that court said:

> "Trial courts may be relied upon to protect their own dignity and to see that their processes are not obstructed. It would be a novel doctrine, indeed, for this court to hold that it had the power to declare an act to be in contempt of court which the court, itself, after a full hearing, determined not to be contempt."

In Craig v. McCullough, 20 West Va. 148, the lower court had enjoined the defendant from offering certain property for sale. On the plaintiff's showing of an alleged violation of the injunction by reason of the publication of a certain advertisement. the lower court ruled that such advertisement did not constitute an offer of the kind prohibited in the injunction. In disposing of plaintiff's appeal from such ruling, the Appellate Court held:

> "A reference to the facts hereinbefore stated will show, that the judge, against whose order the alleged contempt was committed, has expressly decided, that no contempt had been committed. This action is conclusive. Proceedings for the punishment of contempt are in their nature criminal, and while an appeal to this court lies in

> cases of conviction, no appeal lies for an acquittal."

In People v. Ann Arbor R. Co., 137 Mich. 673, it was also held that the plaintiff could not appeal from a judgment finding certain acts did not constitute a violation of the injunction. Therein, the Appellate Court said:

> "We find it well settled by the previous decisions of this court that this court will not review the determination of a circuit judge refusing to punish for contempt."

In view of the foregoing fundamental principles of criminal law, and the authorities cited, it seems plain that the Circuit Court of Appeals exceeded its jurisdiction herein when it passed on respondent's writ of error and reversed the District Court's judgment of acquittal.

However, that court went much further than merely reversing the District Court's judgment. The judgment of the Circuit Court of Appeals not only reverses the lower court's judgment but directs that court to enter a criminal judgment without any new trial or further proceedings.

Such a course, we respectfully submit, is without precedent and contrary to the rules governing criminal proceedings. Even assuming the Circuit Court of Appeals had the requisite jurisdiction, we submit it was entitled to go no further than reversing the judgment and direct-

ing a new trial. It certainly exceeded its jurisdiction in directing the entry of a criminal judgment of conviction.

We, therefore, respectfully submit that, if respondent's writ of error be deemed sued out in a criminal contempt proceeding, the Circuit Court of Appeals had no jurisdiction, by reason thereof, to reverse the District Court's judgment of acquittal or to direct the entry of a criminal judgment.

II.

The Circuit Court of Appeals Erred in Finding That Petitioner's Sale of "Repair Parts" Constituted an Infringement of Respondent's Patent or Constituted a Violation of the Injunction.

The interlocutory decree, entered in the main equity cause No. A4-B62, awarded to respondent, by way of damages and profits, full compensation for petitioner employing the aforesaid patented "widened" inthrust bearing in the respective types of Double underreamers specified in the decree and writ of injunction. [R. 6-14.]

After the service of the injunction, petitioner made and sold certain repair parts, to be used in the same underreamers as are the subject of the pending accounting. Such repair parts did not embrace any underreamer bodies [R. 58] but only those parts of the underreamer

which, in the ordinary use of the underreamer, had but naturally a short life as compared with the body portion. For instance, the cutters quickly wear out, and, from time to time in the use of any underreamer, must be replaced by new cutters.

As said before, none of said repair parts were separately covered by the claims adjudged infringed by petitioner. On the contrary, the Wilson patent claims, numbered 16 and 17, respectively, covering the Wilson cutters, were adjudged *not* infringed by the Double cutters, and, from such judgment, no appeal was taken. (237 Fed. 847.)

The District Court made a specific *finding of fact* to the effect that said parts, so sold by petitioner, were sold as *"repair parts"* for use in the underreamers sold by petitioner prior to the injunction. This finding of fact reads as follows:

> " * * * The defendant has manufactured and sold spare parts, that is, *repair parts*, to be used in connection with and in furtherance of the utility of reamers admittingly within the terms of the injunction. * * *." [R. 62.]

In other words, the court found said *"repair parts"* were sold for the purpose of *repairing* underreamers of the types mentioned in the injunction and which underreamers had been sold by petitioner prior to the injunction.

It is to be noted the writ of injunction did not enjoin petitioner *generally* from making, using or selling all such parts but enjoined petitioner *only* from making, using or selling any parts or elements to be combined or used as a part of any underreamer *"in infringement"* of respondent's patent.

If said "repair parts" were not sold for use *"in infringement"* of respondent's patent there was no violation of the injunction.

Whether or not the manufacture and sale of the aforesaid repair parts constituted a contempt of court depends necessarily upon whether or not such manufacture and sale was prohibited by the aforesaid writ of injunction.

The writ of injunction in this case enjoins petitioner *first*, from making, using or selling either directly or indirectly any underreamers like the specific devices mentioned in the interlocutory decree; *second*, from making, using or selling any parts or elements to be combined or used as a part of any underreamer *"in infringement"* of the Letters Patent in suit, and, *third*, from manufacturing, using or selling directly or indirectly any parts or elements capable of being assembled together or used *"in infringement"* of the Letters Patent in suit. [Rec. 15.] It is plain from a reading of this writ of injunction that the manufacture and sale of parts was only prohibited where and in the event

that said manufacture and sale would constitute an infringement of the Letters Patent in suit. This is the literal wording of the writ of injunction and is the reasonable and equitable construction thereof because obviously respondent has no right to restrain petitioner from doing anything that is not an infringement of respondent's patent.

We have heretofore pointed out that the specific parts of the Double underreamers of the types held to infringe in this case are not individually covered by either of the claims of the patent in suit upon which the decree is founded or the injunction based. Claims 9 and 19 held to be infringed in this case and which claims are the subject of the writ of injunction are both combination claims.

In view of the fact that claims 9 and 19 of the Wilson patent pertain to the combination constituting the assembled tool, the manufacture and sale of parts can only constitute an infringement of the Wilson patent in the event that said parts are to be incorporated or assembled and used in completed underreamers, *where the use of said underreamers would constitute an infringement of the Wilson patent.* This follows from the fact that one who sells parts to be used in a completed machine is only guilty of contributory infringement where the use of said machine including the parts is a di-

rect infringement. This is because the doctrine of contributory infringement is based on the elementary principle that one who assists another in committing a tort is guilty as a participant in said wrongful act. The doctrine of contributory infringement is limited to circumstances where the use of the machine is an infringement. This is necessarily true because the sale of the parts is not an infringement of the patent as the parts are not covered thereby and because if the use of the completed machine is not an infringement there has been no wrongful act committed at all.

Where the use of a complete machine is not an infringement, necessarily the sale of *repair parts* for use in such machine is not contributory infringement. As said by this court, in Hobbie v. Jennison, 149 U. S. 355, 37 L. Ed. 766:

> "The authorities which are cited on the part of the plaintiffs, holding that where a person makes one element of a patented combination, with the intent that other persons shall supply the other elements and thus complete the combination, he is guilty of infringement because he contributes to it, establish a doctrine applicable to the case of a naked infringer. But in the present case, the defendant was not such an infringer, because he had a right under the patent to make, use, and vend the patented article in the state of Michigan, and the article was lawfully made and sold there."

Under the foregoing doctrine the continuation of the use of the Double underreamers covered by the interlocutory decree must constitute a direct infringement of the patent, otherwise there was no contributory infringement by the sale of repair parts therefor. This we submit is the limit of the restraint of the writ of injunction. It in law is the limit of the patentee's right under claims 9 and 19 of his patent. The District Court purged petitioner of contempt on the theory that the use of the underreamers covered by the interlocutory decree and the accounting decreed thereby was not an infringement of the patent, and that, therefore, there was no contributory infringement of the patent in the sale of repair parts. The District Court based its decision on the fact that Wilson *had elected* to sue for and to recover full compensation from petitioner for the manufacture and sale of all the completed underreamers in question and that such compensation places Wilson in the same position as if said underreamers had been licensed by Wilson as to said widened bearing.

Obviously, if the Double underreamers, purchased from petitioner prior to the service of the writ of injunction, became licensed in law and freed from the monopoly of the Wilson patent by reason of respondent's election to recover full compensation from petitioner, the

owners of such freed underreamers had the right to use them and to keep them in usable condition by the repair thereof.

Having such right of repair, the owners of said underreamers necessarily had the right to buy the necessary repair parts. If they had the right to buy, then everyone, including petitioner, had a right to sell such parts to them. Otherwise their right to buy would not be full and complete as it necessarily must be if their underreamers were freed from the monopoly of the Wilson patent.

The question, as to whether or not petitioner violated the injunction, therefore, depends upon whether or not the complete Double underreamers, made and sold by petitioner, were freed from the Wilson patent monopoly by reason of respondent's election to sue and recover from petitioner full compensation for such infringement.

The District Court, in purging petitioner of contempt, held that respondent, by reason of electing to recover from petitioner full and complete compensation for such use of respondent's patented invention as has been made thereof in said Double underreamers and by reason of the interlocutory decree awarding him such compensation, necessarily, in law, freed said underreamers from the monopoly of the

Wilson patent; on the theory that respondent was only entitled to but one *complete compensation* for the use of his invention.

The reversal of the District Court's decision by the Circuit Court of Appeals was apparently based upon the theory that, although the underreamers, in the hands of the purchasers thereof from petitioner, would be freed from the Wilson patent monopoly upon the payment and satisfaction of a final decree fixing and awarding such complete compensation, they would not be freed, either temporarily or perpetually, from such monopoly prior thereto.

The Circuit Court of Appeals' decision creates a most anomalous situation. According to such decision, a patentee can elect to sue an infringing manufacturer for the recovery of complete compensation for the use of his patented invention in devices sold by the manufacturer and, at the same time, prevent the use of such devices by the purchaser thereof during the pendency of the suit and up to the time any judgment, entered therein against the manufacturer, is satisfied. The prevention of such use by the purchasers, as in the case at bar, could frequently be accomplished by preventing the manufacturer from supplying repair parts necessary to keep the devices in a usable condition. In such cases, therefore, an injunction enjoining the manufacturer from supplying re-

pair parts would be as effectual, in restraining the purchasers from continuing the use of the devices, as would be injunctions issued in suits brought directly against the users.

Therefore, the question as to the right of a patentee to prevent the manufacturer from supplying repair parts during the pendency of a suit against such manufacturer for full compensation, is practically the same as the question as to a patentee's right to bring injunction suits against users during the pendency of such a suit against the manufacturer for full compensation. The results being the same, the same rule of law should control the patentee's rights in so indirectly or directly preventing the use of the purchased devices during the pendency of the suit against the manufacturer and seller of such devices.

THE PATENTEE'S RECEIPT OF COMPLETE COMPENSATION FOR THE USE OF HIS PATENTED INVENTION IN AN INFRINGING DEVICE, FREES SUCH DEVICE FROM THE PATENT MONOPOLY.

If a patentee manufactures and sells a device, embodying his patented invention, it is apparent that, from the proceeds of the sale, he is fully compensated for the use of his invention and, therefore, the purchaser of the device takes it freed from the patent monopoly.

If an infringer makes and sells a device embodying such invention and the patentee recovers from the infringer full compensation for such use of the invention, the purchaser of the device also holds it freed of the patent monopoly.

Regarding the rights of a purchaser of an infringing article, after the owner of the patent thereon has been so fully compensated for the infringement, it is said in Robinson on Patents, Vol. II, page 633:

> "The purchaser, therefore, may retain the article as his rightful property, and use it and *repair* it as freely as if he had procured it from the patentee."

Obviously, the law would not permit a patentee to demand and receive full compensation for the use of his patented invention in a device sold by another and, at the same time, permit him to enjoin the use of the device. To permit a patentee to do both, would be to permit him "to eat his cake and have it too."

Therefore, the rule is well established that receipt of full compensation by the patentee from a manufacturer of devices infringing his patent, operates, in law, to license the devices in the hands of the purchasers thereof. As said on page 381 of the fifth edition of Walker on Patents:

> "An actual recovery of a full royalty for making, and selling to others to be used,

operates as an implied license to any purchaser of the thing thus made and sold, to use it to the same extent that he could lawfully have done, if the maker had been licensed to make and sell it."

The same rule is announced in the following cases:

Perrigo v. Spalding, 13 Blatch. 389, 19 Fed. Cas. 260, No. 10,994;

Spalding v. Page, 4 Fish. 641, 22 Fed. Cas. 892, No. 13,219.

Allis v. Stowell, 16 Fed. 783;

Gilbert & Barker Mfg. Co. v. Bussing, 12 Blatch. 426, 10 Fed. Cas. 348, No. 5,416;

Birdsell v. Hagerstown A. I. Mfg. Co., 1 Hughes, 64; 3 Fed. Cas. 450, No. 1,437;

Stebler v. Riverside Heights O. G. Ass'n, 211 Fed. 985.

In the case of Steam Stone Cutter Co. v. Windsor Mfg. Co., *et al.*, 17 Blatchf. 24, 22 Federal Case 1169, No. 13,335, it was said:

" * * * If the avails of the sales are claimed and taken, the right to the thing sold must be parted with; *solutio pretii emptionis loco habetur*, 2 Kent., Comm. 387. It will be like taking judgment and satisfaction for the conversion of property, which always operate 'so that the defendant hath now the same property

> therein as the original plaintiff had, and this against all the world.' Adams v. Broughton, And. 19, Strange, 1078. *And this relates back to the time of conversion.* Add. Torts (Wood's Ed.) 544; 6 Hen. VII. fols. 8, 9, pl. 4; Shep. Touch. 227; Barnett v. Brandao, 6 Man. & G., 640, note. The sales must be adopted by the orator upon the very terms upon which the defendant made them, and as much right to the inventions must follow as if the sales had been made by the orator instead of by the defendant."

See also:

> Third Nat'l Bank v. Rice, 161 Fed. 822, at p. 826.

According to these decisions, the patentee, in demanding and recovering full compensation for the wrongful use of his invention in devices made and sold by a manufacturer, adopts the sales *as though made by himself*, and, therefore, necessarily licenses the use of the devices, or, in other words, frees the devices from the monopoly of his patent.

Furthermore, it is to be noted that it is held such *right to use* relates back to the time of the sale. Logically, this must be so because the patentee could not be entitled to recover complete compensation for the use of his invention in devices sold by another and, at the same time, also be entitled either to recover *additional compensation* from the purchaser thereof or to enjoin the use thereof by the purchaser.

When the patentee elects to sue and does sue the manufacturer for full compensation, he must be deemed to have thereupon freed, from his patent monopoly, the devices covered thereby and sold by the manufacturer and certainly, during the pendency of the suit, the use of said devices, by the purchasers thereof, must be free from any interference or restraint by the patentee.

THE INTERLOCUTORY DECREE HEREIN AWARDED TO RESPONDENT COMPLETE COMPENSATION AND THEREFORE FREED FROM HIS PATENT MONOPOLY THE UNDERREAMERS SOLD BY PETITIONER PRIOR TO THE INJUCTION.

Having elected to recover full compensation from the manufacturer, an interlocutory decree awarding the patentee such full compensation in a suit against the manufacturer, frees the devices in the hands of the purchasers pending final decree, according to the decision of the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights O. G. Ass'n, 214 Fed. 550, 554. In that case, the court said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the vendees of the defendants herein for

> such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they receive by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendants' vendees free from any further claim by the patentee."

This Stebler decision finds support in a number of well reasoned prior decisions. In a majority of these prior cases, the question whether or not a decree against a manufacturer, awarding the patentee complete compensation, frees the devices in the hands of the purchasers thereof from the manufacturer, arose and was presented in reference to the question of the patentee's right to sue users after the entry of such a decree. Of course, the patentee would have no such right to sue users if their devices were freed from the patent monopoly by reason of the entry of such a decree against the manufacturer.

In Birdsell v. Hagerstown A. I. Mfg. Co., 1 Hughes 64, 3 Fed. Cas. No. 1,437, the Circuit Court in Maryland enjoined suits against users on the theory that the owner of the patent would recover full compensation in a pending suit

against the manufacturer of the infringing devices.

In Allis v. Stowell, 16 Fed. 783, the court expressed the opinion that, in a proper case, the court would enjoin suits by the patent owner against a mere purchaser pending a suit by the patent owner against the manufacturer of the infringing devices. The court said:

> " 'The recovery of profits and damages from the manufacturers of an infringing machine debars the patentee from recovering from a user for the use of the same machine,' where the user purchased the machine from the infringing manufacturer. *Booth v. Seevers,* 19 O. G. 1140, and cases there cited. These adjudications indicate the law to be, that where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee."

The court, in this case, denied an injunction because it was not shown that the devices, in the hands of the users were the same devices as were involved in the suit against the manufacturer.

In Ide v. Ball Engine Co., 31 Fed. 901, the court enjoined suits against the customers of a manufacturer pending a suit for infringement

against the manufacturer. The court expressed the opinion that public policy favored restricting litigation to the case involving the manufacturer; especially in view of the fact that the patent owner had elected to sue the manufacturer.

See also,

National Cash Register Co. v. Boston Cash Co., 41 Fed. 51;

The Rumford Chemical Works v. Hecker, 5 O. G. 644.

In Stutz v. Armstrong, 25 Fed. 147, the court said:

> "I think the true doctrine, and one reconciling any seeming inconsistencies in the decisions, is this: that while the patentee may, if he choose, confine himself to a recovery for past infringement, and insist that the further use of the infringing machine be enjoined, yet, if he elect as his measure of damages the full license fee established by himself, the payment thereof operates to vest in the defendant the right to use the machine during the term of the patent, or until that particular machine is worn out. Sickels v. Borden, 3 Blatchf. 536; Suffolk Co. v. Hayden, 3 Wall. 315; Spalding v. Page, 4 Fish. 641; Emerson v. Simm, 6 Fish. 285, 286; Birdsell v. Coolidge, *supra;* Birdsell v. Shaliol, 112 U. S. 485; S. C. 5 Sup. Ct. Rep. 244. This is in harmony with the general rule that satisfaction of a judgment for the value of property wrong-

> fully converted transfers the title to the defendant. 2 Sedg. Dam. (7th Ed.) 421."

In Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500, at 503, this court said:

> "The patentee having once received his royalty upon such device, he cannot treat the subsequent seller or user as an infringer. Bloomer v. McQuewan, 55 U. S., 14 How. 539 (14:532)."

It is apparent that the decision of the Circuit Court of Appeals in the case at bar is not in accord with its prior decision in the Stebler case. The conflicting rules of the two cases read as follows:

Stebler Case.	*This Case.*
"This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendants' vendees free from any further claim by the patentee."	"The error of this position, as we view it, is that it conflicts with the rule that the infringing devices are not free in the hands of the users until the patentee whose rights have been transgressed, has received full satisfaction for the transgression."

We are frank to say that there is a division of authority on this very point in other courts; and we find that the decisions, which do not agree with the rule of the Stebler case, are based on, what we deem to be, an erroneous interpretation of the decision of this court in Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. 768. In that case, Birdsell had brought a suit in equity, for infringement of his patent, against the Ashland Machine Company, a manufacturer and seller of the machines covered by his patent. A perpetual injunction had been decreed and the case had been referred to a Master before whom damages, sustained by Birdsell, were proved and claimed. The Master reported that the Ashland Machine Company had made no profits for which it should account, and that, if damage had been sustained, it had been sustained by the Birdsell Manufacturing Company, a stranger to the suit, and a corporation to whom Birdsell had granted an exclusive license *"to make, vend and use his invention."* The Master accordingly reported that Birdsell was entitled to recover only nominal damages. Subsequently, Birdsell together with the Birdsell Manufacturing Company brought a suit against one Shaliol and another, who had used one of the machines manufactured by the Ashland Machine Company, and which was embraced in the Master's report in the former suit

against that company. The defendants contended that the second suit was barred by the recovery of nominal damages by Birdsell in the former suit against the Manufacturing Company. This court held that a judgment, for the payment of nominal damages in favor of Birdsell, was not a bar to a subsequent suit in which the Birdsell Manufacturing Company, a different complaint, sought to recover the damage that it, and not the former plaintiff Birdsell, was entitled to because of the infringement.

BIRDSELL v. SHALIOL, 112 U. S. 485, 28 L. ED. 768.

Upon the question concerning the right of respondent to *elect* to recover full compensation for *all* loss he claims to have sustained by reason of the infringement and *at the same time resort* to an *injunction against using* the *very things upon the sale of which he* has elected to receive all the profit arising from the presence of a feature of his patent therein,—the reasoning of Judge Hunt,—speaking for the Circuit Court of Appeals,—would seem to be based upon a misapplication of the opinion of this court in Birdsell v. Shaliol, 112 U. S. 485, decided in 1884. The facts in that case are very different from those in the instant case. There a patentee had given an exclusive license to another to make, use and sell the patented

articles. An infringement was sued for by the patentee and found to exist, but, since the patentee had parted with his beneficial interest he had suffered no substantial loss. He recovered a judgment of one dollar. This was awarded as *damages*,—it being found that no profit had been realized.

Subsequently suit was brought by the exclusive licensee against a purchaser from the defendant in the first case. The case was for injunction and damages. Defendant pleaded estoppel by the former judgment. The reply was: (1) That Birdsell Mfg. Co. was not a party to the first suit; (2) that the instant defendants were not parties; (3) that only nominal damages were recovered and paid. The court there held that damages as distinguished from profits would not be inconsistent with injunction and that in any case since only nominal damages were obtained, this would not free the machine from the subsequent infringement suit of the party substantially damaged. Manifestly the facts are wholly different in the case at bar.

In the instant litigation, however, the respondent was the sole owner of the exclusive rights under the patent in suit. (a) He elected to bring a suit in equity not only for an injunction to prohibit further infringement but prayed for an accounting and recovery of all profits and damages arising out of the infringe-

ment. He elected to have an injunction against future infringement and a recovery of profits and damages for past infringement. He elected to free the devices made in infringement and to license them by recovering all moneys due to him thereon.

(b) He secured injunction only as to subsequent infringements.

(c) Pending accounting, these underreamers, which are the *subject of the accounting* and upon which respondent *elected* to exact the *profits and damages* attributable to the infringing element,—*cannot be used* unless "repair parts" are supplied. Respondent cannot supply these "repair parts" because they are primarily made under the Double patent and are not the type which respondent makes.

(d) Petitioner is able to respond to the final decree,—according to the findings by the District Court which were not controverted.

(e) Having *elected* to exact and rely upon obtaining full remedy in the equity case, by way of said profits and damages,—if respondent can also resort to injunction, *against the use* of the very underreamers upon which he is demanding and receiving such full compensation, —he seeks to recover such full compensation and at the same time *destroy the value of the thing* for which he receives such compensation.

These are wholly inconsistent remedies. A court of equity will not tolerate so inequitable a proceeding.

How unlike the facts in the Birdsell case! *There* neither of the parties were parties to the original case. *Here* it is all *in* the original case and between the parties thereto. *There* no profits were realized in the original case and only nominal damages to the party *not financially interested* had been adjudged and paid. *Here* full compensation, by way of profits as well as damages, has been *elected*, and *decreed*, against a responsible party, and accounting is in progress,—and the profits are upon the very reamers of which in this same action respondent is attempting to prevent the use, by *expanding* and misapplying the injunction.

ANALOGY TO CONVERSION CASES.

In the Birdsell case, an analogy is drawn to cases at law for conversion. It is said that the party injured may pursue several joint tort feasors, *separately*, and that it is only *satisfaction* of a judgment against one that will bar recovery against the others. *The analogy does not apply to the facts in the instant case.* This is a plain case in equity where *there has been an election between inconsistent remedies.* Only *one* alleged wrong-doer is sued. Respondent cannot *both* enjoin the *use* of all the infringing

underreamers therefore sold by preventing the supplying of ordinary "repair parts,"—and at the *same time proceed in the same case to collect* all the profits and damages attributable to the infringement, on account of the *very underreamers* the use of which is enjoined. That is riding horses going in opposite directions. It is eating his cake and still having it.

But the *common law doctrine* that, in cases of conversion, the property does not become vested in the wrong doer *until* the owner has received compensation, is subject to the qualification that when the owner gets his compensation, *the right of the owner vests in the wrongdoer as of the date of the conversion.* Even at common law, the transfer *related back.*

> Steam Stone Cutter Co. v. Windsor Mfg. Co., Fed. Cas. No. 13,335, 17 Blatch. 24;
>
> Barnett v. Brandao, 6 Man. & G. 640;
>
> Third Nat. Bank of St. Louis v. Rice, 161 Fed. 822, 88 C. C. A. 64, 23 L. R. A. (N. S.) 1167.

The decision of this court, in Birdsell v. Shaliol, has been much discussed by the courts. A number of courts have taken the view that this court established, by its decision in Birdsell v. Shaliol, that a recovery against a manufacturer does not release the devices in the hands

of the user and does not prevent suits against the user and further recoveries, notwithstanding the full recovery had from the manufacturer. We respectfully submit that the view of those courts, of the decision in Birdsell v. Shaliol, is erroneous. In Birdsell v. Shaliol, the owner of the patent had not received full compensation for the infringement for the obvious reason that the holder of the main and principle portion of the exclusive right, to wit, the holder of the exclusive license to make, vend and use, had received nothing by the former judgment and was not even a party to the former judgment. We do not understand this court to have ruled, in Birdsell v. Shaliol, that the holder of a patent may have double compensation for the same wrong. In fact, this court was apparently of the opinion that one infringer is exempt by reason of the patent owner having received full compensation from another infringer for the same device, for this court said in Birdsell v. Shaliol:

> "If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when actual damages have been paid, and upon the theory that the plaintiff has been deprived of the same property by the acts of two wrongdoers and has received full compensation from one of them.

> In that view, the case of the patentee, whose right of property under his patent had been invaded, would be analogous to that of one from whom personal property had been taken."

Our view of the doctrine in Birdsell v. Shaliol is supported in the opinion by the Circuit Court of Appeals for the Ninth Circuit in the Stebler case, supra, wherein that court fully discussed said decision and came to the conclusion that "The doctrine of Allis v. Stowell is not in conflict with Birdsell v. Shaliol, but on the contrary is entirely in accord with that case, and we think states the true doctrine upon the question under consideration." (214 Fed. at 555.)

The contrary view, of the meaning of the decision of this court in Birdsell v. Shaliol, has been adopted by the courts which have differed from the rule in the Stebler case. For example, in referring to the respective decisions in Allis v. Stowell, Ide v. Ball Engine Co., etc., *supra*, Judge LaCombe, in New York Filter Co. v. Schwarzwalder, said:

> "But the learned judges who decided those cases apparently assumed that recovery against the maker of an infringing apparatus, and satisfaction of the damages and profits awarded against him, would pass that particular apparatus out of the limitation of the monopoly created by the patent, and that the user thereof could not thereafter be interfered with. The law,

> however, is settled otherwise by the Supreme Court. Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. Rep. 244, which holds that recovery against the maker is no bar to an action against the user for damages resulting from his use, and for injunction against further use." (58 Fed. 577, at p. 579.)

Following this interpretation of the decision of this court in Birdsell v. Shaliol, as expressed by Judge LaCombe, the courts in some circuits have held that a suit or decree against a manufacturer for full compensation does not release the infringing devices in the hands of the purchasers.

Philadelphia Trust S. D. & Ins. Co. v. Edison Electric L. Co., 65 Fed. 551 (C. C. A. 3rd);

Wagner v. Meccano, 239 Fed. 901 (C. C. A. 6th);

Kelly v. Ypsilanti Dress Stay Co., 44 Fed. 19;

Kryptok Co. v. Stead Lens Co., 190 Fed. 767;

Asbestos Shingle A. & S. Co. v. Johns-Manville, 189 Fed. 611;

Westinghouse v. Mutual Life Ins. Co., 129 Fed. 213;

Tuttle v. Matthews, 28 Fed. 98;

Computing Scale Co. v. National Computing Scale Co., 79 Fed. 962;

Fisher v. Consolidated Amador Mine, 25 Fed. 201;

Van Epps v. International Paper Co., 124 Fed. 542;

DeLaski & Thropp v. Empire, 239 Fed. 139.

We respectfully submit that the aforesaid decisions, following Judge LaCombe's construction of the decision in Birdsell v. Shaliol, have erroneously interpreted this court's opinion in said case. As we read the Birdsell v. Shaliol opinion, this court did not intend to therein hold that a patent owner was entitled to receive *twice* a complete compensation for the wrongful use of his patented invention.

It appears, from this court's decision in the second Birdsell suit, 112 U. S. 485, that compensation to the injured party, *i. e.*, the party who actually suffered loss, was awarded but once.

In the most recent case on this subject, Panoualis v. National Equipment Co., 269 Fed. 630, 633, decided November 17, 1920, the Circuit Court of Appeals for the Second Circuit cites, with approval, the case of Stebler v. Riverside Heights O. G. Co., 214 Fed. 550, and applies the rule announced therein by holding:

> "Until such decision is reached, *the actions against users must be stayed*, as in

Stebler v. Riverside etc. Ass'n, 214 Fed. 550, 131 C. C. A. 96, L. R. A. 1915F. 1101."

It thus appears that some of the Circuit Courts of Appeal have established and apply the rule that, pending a suit against the manufacturer for *complete compensation* for the wrongful use of a patented invention, the *use* of devices, purchased from the manufacturer and embodying such invention, shall be allowed to continue and the patent owner be enjoined from interfering with such use by the bringing of or by the prosecution of suits against such users.

The said rule necessarily is founded on and embraces the proposition that, pending such a suit against the manufacturer for complete compensation, the infringing devices, sold by the manufacturer, are freed from the patent monopoly and, upon the satisfaction of any judgment against the manufacturer for such complete compensation, the said devices are perpetually freed from the patent monopoly, and such license relates back to the date of their manufacture and sale.

We respectfully submit the said rule is well founded in law and is in accord with the fundamental principles of equity and justice. It is also in accord with the broad principles controlling the procedure in equity causes, inas-

much as it prevents a multiplicity of suits. The enforcement of such a rule fully protects the patentee's rights without permitting him to recover, more than once, complete compensation for the wrongful use of his patented invention.

If, under the said rule, announced by the Circuit Court of Appeals for the Second and Ninth Circuits preventing suits being brought against *users* pending a suit against the infringing manufacturer, a user is entitled to continue, without interference from the patent owner, the use of a device purchased from the manufacturer, he is also entitled to keep said device in a usable condition by the repair thereof. The right to repair is a necessary incident of the right to use. Having such right to use and to repair, the user would necessarily have the right to buy repair parts and, therefore, anyone, including the said manufacturer, would have the right to sell to the user such repair parts.

In the case at bar, the accounting is proceeding before the master under the terms of the interlocutory decree which awards to respondent by way of damages and profits the full and complete compensation (as to the infringing bearing) for petitioner's manufacture and sale of said infringing underreamers [R. 12], which respondent elected to take and prayed in his bill of complaint. There is no question as to

the financial responsibility of petitioner. As said by the District Court:

"He has asked for damages and for profits, and presumably will get all the damages to which he is entitled. There is no suggestion here that he cannot recover such damages as are awarded to him. The understanding that the court has, is that the Union Tool Company is a very rich concern, and it is backed by another very rich concern." [Rec. 78-79.]

Respondent elected to sue the manufacturer for complete compensation for the wrongful use of an element of his invention and he will receive such complete compensation from such manufacturer, the petitioner herein. Respondent has pursued and is enforcing this remedy. Therefore, we respectfully submit, this case is controlled by the maxim: *"Solutio pretii emptionis loco habetur."*

Unless it be held the interlocutory decree, awarding respondent complete compensation, frees petitioner's devices in the hands of the purchasers thereof pending the accounting, respondent will receive *more* than such complete compensation for the use of said element of his invention.

If it be held petitioner cannot rightfully furnish, to said purchasers of petitioner's devices necessary repair parts therefor, then said purchasers and users of the devices are, in fact and in law, being enjoined from using said devices

and such an injunction against the users is contrary to the rule announced by the Circuit Courts of Appeal for the Second and Ninth Circuits, *supra*. On this point the District Court said herein:

"Now, if he possesses the right to do that, then this court may not directly or indirectly lay its staying hand upon him and say that he may have the form of the thing but is denied the substance; may not say that he has the right to use, but he shall never be permitted the opportunity to use, because the court will not permit him to buy any of the articles of repair that are necessary for its practical use. And the court, in effect, would be enjoining him from buying, if it enjoined someone else from selling it to him. I do not see any escape from that conclusion. It would be enjoining the sale to him if it punished by contempt the sale to him." [Rec. p. 77.]

It is respectfully submitted the foregoing ruling of the District Court is in accord with equity and justice. The respondent, having *elected* to recover complete compensation (as to the item of infringement) from petitioner, should not be permitted, pending the accounting herein, to prevent the use of the very devices in reference to which he has *elected* to recover such complete compensation from the manufacturer thereof. Certainly respondent is not entitled to recover *more than one* complete compensation for the use of this item of his invention and, therefore, we respectfully submit peti-

tioner's said devices upon which such full compensation is adjudged must be deemed freed from respondent's patent monopoly during the pendency of this suit and thereafter, in the event of the satisfaction of any judgment entered herein, and concerning which satisfaction there can be no doubt, in view of the admitted financial responsibility of petitioner.

THE RIGHT TO REPAIR IS INCLUDED IN THE RIGHT TO USE AND THEREFORE THERE CAN BE NO CONTRIBUTORY INFRINGEMENT IN SELLING REPAIR PARTS TO ONE HAVING THE RIGHT TO USE.

The decision of the District Court, purging petitioner of contempt, was based on the finding that the underreamers, sold by petitioner prior to the injunction, were, by reason of respondent's election to recover complete compensation therefor from petitioner, freed from respondent's patent monopoly and, therefore, the users of said devices were entitled to use them and keep them in usable condition by the repair thereof.

The right to repair, as an incident of the right to use a patented device, is a well-established rule of patent law.

> "The purchaser, therefore, may retain the article as his rightful property, and use it and repair it as freely as if he had pro-

> cured it from the patentee." (Robinson on Patents, Vol. 2, p. 633.)

In Leeds & Catlin Co. v. Victor Talking Machine Company, 213 U. S. 325, 53 L. Ed. 816, this court said:

> "The license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it may be affected by wear or breakage."

The said rule is too well established to require further citation of authorities. In law, what one may himself do he may have done by another. The right to repair necessarily embraces the right to buy the necessary repair parts and it is, therefore, lawful for anyone to sell such repair parts to one having such right to repair. This matter is fully discussed in the case of F. F. Slocomb & Co. v. Layman Co., 227 Fed. 94, 99.

The opinion of the Circuit Court of Appeals herein suggests that the right to repair does not extend to users the right to buy repair parts in anticipation of breakage and destruction of parts. This suggestion, we respectfully submit, is inconsistent with the doctrine of repair. The repair parts, *not being respectively patented as separate and distinct elements*, the *mere* manufacture and sale thereof could not infringe any patent. The only theory on which any such manufacture and sale thereof could be held to

constitute an infringement, or "contributory infringement," is that such parts are intended for use in and are used in a complete combination or instrumentality *not* freed from some patent monopoly. If intended for use in, and used in a device, *freed* from the patent monopoly, the manufacture and sale of such repair parts cannot constitute contributory infringement because the use of said device, with said repair parts therein, is not an infringement; and, therefore, the time when such repair parts, intended for such lawful use, are made, sold or purchased is quite immaterial.

On this point the case of Bullock Electric & Mfg. Co. v. Westinghouse Electric & Mfg. Co., 129 Fed. 105, 111, C. C. A. 6th C., is pertinent. In that case the defendant was enjoined from infringing the plaintiff's patent, the claims of which respectively covered *combinations of elements*. One of the elements of these combination claims was an electric motor. The District Court adjudged the defendant guilty of contempt because, after the injunction, the defendant had made and shipped to a customer in Canada such a motor constituting only one of the elements of the plaintiff's patented combinations. The plaintiff's patent monopoly, of course, did not extend beyond the limits of the United States. In reversing the District Court's judgment of conviction of criminal contempt,

the Circuit Court of Appeals for the Sixth Circuit said:

> "The *intent* and *purpose* that the element made and sold shall be used in a way that shall infringe the combination in which it is an element constitutes the necessary concert of action between him who furnished the single part and he who actually does the injury by the assembling and using of all the parts in such a way as to be an infringement. This principle runs through all the cases upon contributory infringement. Heaton-Peninsular Button Fastener Co. v. Eureka Specialty Co., 77 Fed. 288, 297, 25 C. C. A. 267, 35 L. R. A. 728; Saxe v. Hammond, Fed. Cas. No. 12,411; Wallace v. Holmes, 9 Blatchf. 65, Fed. Cas. No. 17,100; Thompson-Houston Co. v. Kelsey Electric Co., 75 Fed. 1005, 22 C. C. A. 1; German-American Filter Co. v. Loew Filter Co. (C. C.), 103 Fed. 303, affirmed 107 Fed. 949, 47 C. C. A. 94.
>
> "In Snyder v. Bunnell (C. C.), 29 Fed. 47, Judge Coxe gave his emphatic approval to the principle laid down by Judge Shipley in Saxe v. Hammond, cited above, where it was said that 'the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted *for the purpose* and *with the intent* of aiding infringement, is not in and of itself infringement.' That the single element was made and sold was with the intent and purpose of aiding another in infringing must appear, or the necessary concert of action will be missing. This may be shown presumptively, as it is when the article is incapable of any other

use than an infringing one. If, on the other hand, it be adapted to other uses 'the intention to assist in infringement must be otherwise shown affirmatively.' Thompson-Houston Co. v. Ohio Brass Works, 80 Fed. 712, 723, 26 C. C. A. 107. These principles we think determine this case.

"The finding that the intent and purpose in making and selling this motor was that it should be used in the patented devices in Canada is a finding against any infringing purpose. It would not be an infringement to put the motor to the use intended, because that use was beyond the protection of the patent. The defense is as complete as if the intent had been to furnish the motor to one having a license to make, sell, and use. In neither case would there be an intent to assist in an infringement, and without such intent the plaintiff in error was not infringing the patents or disobeying the order of the court."

In the case at bar, the District Court specifically found that the *unpatented* repair *parts*, sold by petitioner after the injunction, were sold for use in repairing the underreamers held, by that court, to be freed from the Wilson patent monopoly. [Rec. 62.] As the intended use of said repair parts was a lawful use thereof in connection with underreamers so licensed in law, it was, of course, immaterial when such repair parts were made, sold or purchased. The only material factor was whether or not their intended use was a lawful one and the District

Court specifically found such intended use thereof was a lawful one.

The said finding of fact, we submit, was conclusive. In the case of Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997, this court, in defining the powers of a Circuit Court of Appeals in the review of a contempt proceeding, said:

> "On such a writ only matters of law are considered. The decision of the trial tribunal, court or jury, deciding the facts, is conclusive as to them."

Furthermore, the parts, so sold by petitioner, are, in their very nature, *"repair parts."* It was expressly stipulated petitioner sold no underreamer *"bodies"* after the injunction. [Rec. 58.] The parts requiring most frequent repair were the cutters, which in ordinary use quickly wear out, become dulled or broken and must be replaced. In respect to the Double cutters, so sold by petitioner, it is to be remembered the court adjudged same did not infringe the Wilson patent or the claims thereof (Nos. 16 and 17, respectively), covering the very different cutters disclosed in the Wilson patent.

Therefore, under the rule announced by the Circuit Court of Appeals for the Sixth Circuit, in Bullock Electric & Mfg. Co. v. Westinghouse Electric & Mfg. Co., *supra,* petitioner committed no acts of contributory infringment and did not violate the injunction by selling said *unpatented*

"repair parts" for use in repairing underreamers freed from the Wilson patent monopoly.

III.

The Circuit Court of Appeals Erred in Adjudging That Petitioner Had Deliberately or Wilfully Violated the Injunction or Disregarded the Authority of the Court.

The Circuit Court of Appeals found herein that there was a "willful disobedience of the injunction" and directed the District Court to enter a criminal judgment "imposing such punishment as may seem proper."

The said finding was clearly erroneous, as it is contrary to the "fact" found by the District Court. That Court expressly found petitioner was acting in good faith and had no intent of willfully violating the injunction. As said by the District Court:

"And I am saying all of this with the reservation mentally and actually indulged in by me, that these parties are not acting in bad faith." [Rec. 88.]

The District Court found that petitioner not only was acting in good faith, in respect to the sale of said repair parts, but also was acting in good faith in respect to the sale of the "Pocket" and "U" types of underreamers, in reference to which sale thereof petitioner was adjudged in contempt and fined.

By reason of said *finding of good faith,* the District Court's said judgment was reversed, in respect to the punitive portion thereof, by the Circuit Court of Appeals on petitioner's writ of error, the latter court expressly holding said finding to be "*an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order.*" (262 Fed. 431.)

In view of the foregoing, where is there, in the record, any support for the finding of the Circuit Court of Appeals to the effect there was "a willful disobedience of the injunction" in respect to the sale of said repair parts?

Under the rule, as announced by the Circuit Court of Appeals for the Ninth Circuit in Stebler v. Riverside Heights O. G. Ass'n, *supra*, the sale of said repair parts constituted no infringement of respondent's patent and, therefore, was not prohibited by the injunction herein. *This was the rule of law of the District and of the Circuit. Petitioner relied thereon.*

What justification was there for any such finding of "willful violation of the injunction," when not only petitioner, but the District Court, construed said decision of the higher court in the Stebler case as establishing a rule of law that the sale of said "repair parts" did not constitute a violation of the injunction? Where courts and judges disagree as to what is the

law, how can bad faith *be imputed* by an Appellate Court to a party whose understanding of the law has been approved and confirmed *by the very court of which he is sought to be adjudged in contempt?*

It is true that, in the later case of Sherman-Clay Co. v. Searchlight Horn Co., 225 Fed. 497, the Circuit Court of Appeals for the Ninth Circuit held that the doctrine, announced by it in the Stebler case, did not apply to the particular facts of such later case wherein, as the court particularly pointed out, the *manufacturer* had not been sued by the patent owner. Prior to the decision in the case at bar, the rule announced in the Stebler case had been followed in the Ninth Circuit, and, in Marconi W. Tel. Co. v. Kilbourne & Clark Mfg. Co., 235 Fed. 719, 723, the District Court for the Western District of Washington said:

> "Judge Wolverton, who wrote the decision in the Sherman-Clay case, sat with the Court of Appeals in the Stebler case, and I think the Sherman-Clay case fully supports the decision in the Stebler case."

WILFUL TRESPASS ANALOGY. In numerous cases of trespass upon the public domain by cutting timber and the like, the question of *punitive damages* based upon *willful* trespass as distinguished from *innocent* trespass is discussed.

In United States v. Home Stake Min. Co., 117 Fed. 481, the court said:

> *"The test which determines whether one was a willful or an innocent trespasser is not his violation of or compliance with the law, but his honest belief and actual intention at the time he committed the trespass,* and neither a justification of his acts nor any other complete defense to them is essential to establish the fact that he was not a willful trespasser.
>
> "The fact that one acted on the advice of reputable counsel is persuasive evidence of his good faith. And one who honestly follows the erroneous advice of such counsel upon questions of legal right concerning which a layman would hardly have actual knowledge is not chargeable with bad faith, or with the willful intent to commit a wrongful act, because his counsel was mistaken in his view of the law."

In Powers v. United States, 119 Fed. 562, 568 the Circuit Court of Appeals for the Sixth Circuit quotes an opinion rendered by Mr. Chief Justice Taft and says:

> "The rule which *forfeits* to the owner the added value conferred by the labor and money of the trespasser is a *punitive* one, and should not be made to apply to the innocent purchaser *where it can be avoided.* * * * No doubt it is open to say that the defendant was negligent in not informing himself of the rules and regulations of the commissioner. *Still* if the fact was that he was ignorant of them and there

was no actual bad faith, his trespassing would not subject him to the severer rule."

In Morgan v. United States, 169 Fed. 242, the court said:

> "If the defendant went upon the land and cut and removed the timber in good faith, believing that he had a right thereto, he was only answerable in damages for the stumpage value thereof, and not for the manufactured value. This is the universally recognized rule of law, and has been so applied to alleged trespass under this statute."

In the United States v. St. Anthony Railroad Company, 192 U. S. 548, the court said:

> "Although in this case it is agreed that the defendant *did not act under a mistake,* meaning thereby that the *facts* touching the status of the timber and the lands where the timber was cut were known, yet what was done was in the belief by the defendant that the lands were 'adjacent' to the line of the road and that the cutting *was legal.* It was done upon the advice of counsel and the defendant used ordinary care and prudence in first being advised *as to the law upon the facts* as they have been agreed upon, and there was no intention on the part of the defendant to violate any law or to do any wrongful act. This, we think, clearly takes the case out of the principle of those above cited, and the measure of damages must, therefore, be the value of the timber at the time and at the place where it was cut."

We submit that upon the same line of reasoning and upon the repeated holdings of the courts that where an act in violation of an order of court is done in good faith *it cannot be punished as criminal contempt*, the analogies found in the timber cases are on principle fully applicable here.

In view of the District Court's finding of *"good faith"* and of the conclusiveness of said finding; and, in view of the necessity of a finding of bad faith and wilful disregard of an injunction, to warrant the entry of a criminal judgment (Proudfit L. L. Co. v. Kalamazoo L. B. Co., 230 Fed. 120, 122; Bessette v. Conkey, 194 U. S. 324; Union Tool Co. v. U. S., 262 Fed. 431, 434), we respectfully submit the Circuit Court of Appeals erred in directing the District Court to enter a criminal judgment imposing *"such punishment as may seem proper."*

IV.

The Writ of Injunction, by Reason of Not Bearing the Teste of the Judge of the District Court, Was Void and of No Effect.

The writ of injunction herein was issued out of the District Court for the Southern District of California and does not bear teste of any judge of said court.

On the contrary, said writ of injunction bears teste of the late chief justice of this court. [Rec. 16.]

Section 1534 of the Judicial Code expressly provides:

> "All writs and processes issuing from the courts of the United States shall be under the seal of the court from which they issue, and shall be signed by the clerk thereof. Those issuing from the Supreme Court (or a Circuit Court) shall bear teste of the chief justice of the United States, or, when that office is vacant, of the associate justice next in precedence, and those issuing from a District Court shall bear teste of the judge, or, when that office is vacant, of the clerk thereof."

In view of the mandatory provisions of said law in regards to the foregoing defect in the writ of injunction, we respectfully submit the same was of no force or effect and, for this reason, the decree of the Circuit Court of Appeals adjudging petitioner in contempt, by reason of a violation of said defective writ, should be set aside.

Conclusion.

For each of the foregoing reasons we respectfully submit:

1. That the Honorable United States Circuit Court of Appeals had no jurisdiction;

2. That the furnishing of "repair parts" did not constitute contempt;

3. That there was no fact which would sustain a judgment of wilful or criminal contempt; and that, therefore, the judgment and decree of the Honorable United States Circuit Court of Appeals should be reversed and this case remanded affirming the judgment of the District Court notwithstanding respondent's writ of error.

4. That the writ of injunction was void and a nullity.

Respectfully submitted,

FREDERICK S. LYON,
WILLIAM K. WHITE,
A. V. ANDREWS,
LEONARD S. LYON,
Of Counsel for Petitioner.